

# FINANCIAL TIMES

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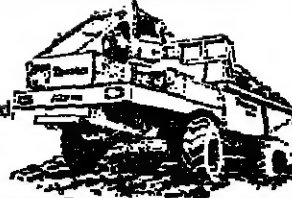
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## NEWS SUMMARY

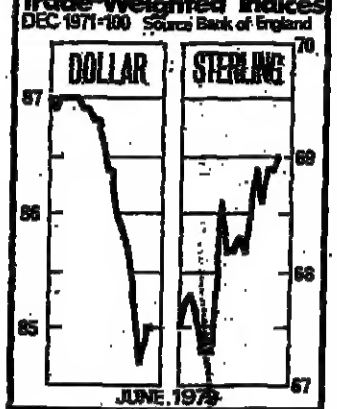
### BUSINESS

## Equities down 8.3 Pound steady

● EQUITIES market reacted to nervous selling on fears of the oil price rise and the FT Ordinary Index fell 8.3 to 466.9.

● GILTS closed almost unchanged, and the Government Securities Index fell 0.01 to 70.57.

● STERLING remained steady and rose 40 points to \$2.1560, with its trade-weighted index



closing at 69.0 (\$3.9). The dollar index was unchanged at 85.8.

● GOLD closed unchanged at \$281 in London.

● WALL STREET was 5.29 up at \$42.95 just before the close.

● HONG KONG and Shanghai Banking Corporation also raised its bid for Marine Midland Bank, its largest U.S. bank, which has applied for a national charter to by-pass New York State reservations about the deal. Back Page

● LLOYD'S of London is drawing up plans which could prevent any single underwriting syndicate securing a dominant position in any one type of insurance business. Back Page

● CHINESE economic and social statistics published for the first time for over 12 years spell out the Government's joint venture plans. Foreign companies investing in joint ventures should be prepared to invest not less than 25 per cent of the registered capital. Back Page

● BRITISH Insurance Association has urged the Government to accept the replacement U.S.-UK double taxation agreement without delay as soon as it is formally approved by the Senate.

● INSURANCE companies paid out \$500m on property damage and up to \$25m on motor claims after last winter's severe weather. Page 8

● ENERGY SECRETARY has given financial approval to the CEGB to build the 1300 megawatt Heysham B advanced gas-cooled reactor power station costing about \$900m. Page 8

● SOVIET UNION plans to link Soviet and West German power grids with a line extending through Poland, West Berlin and East Germany, Soviet Minister of Power has said. Back Page

● PROJECT to build a main-line gas-gathering pipeline in the North Sea has been revived by the Government. Back Page

● POWELL DUFFRYN is to set off its Hyman construction equipment subsidiary to the German IBH group and take a 25 per cent stake in IBH in return for a cash injection of \$5m. Back Page; Results, Page 26 and Lex; News Analysis, Page 30

● BPF Industries raised pre-tax profit for the year to March 31 from £27.25m to £35.4m, on sales up from £274.6m to £297.7m. Page 26 and Lex

● GRACECOCK, aged 42, of Ingham, became a father a grandfather on the same day. His wife gave birth three days before his 21-year-old daughter from his first marriage had a son.

● In Mexico denied reports that a helicopter- Islamic revenge squad wounded the Shah in a ne-gun attack on his car in his Mexican home. tollah Sadeq Khalkhali he attackers were mem- his Right-wing Fedayeen Ba movement. the Shah came to almost three weeks ago have been a spate of re- from Tehran that a death had been sent to kill him, ng a claim that interna- terrorist "Carlos" had dired.

● French Ambassador to in and a French embassy were beaten up by men as they returned he area where the mili- government is thought to lding its controversial n enrichment plant.

● The action considerably heightened tension in the region and is a further blow to Pres- dent Assad, of Syria, who already faces serious internal difficulties. There were uncon- firmed that Syria had put its forces on full alert.

● Israel claimed that its aircraft shot down five MiG 21s using F-15s built by Israel. Syria admitted the loss of four MiGs but claimed that it had shot down two Israeli aircraft. Israel maintained that it had lost no aircraft of its own and denied claims by Palestinian guerrillas that they had shot down two Israeli aircraft.

● It was the first time since they were introduced in 1974 that the F-15s have shot down aircraft anywhere in the world. The MiG 21 first came into service in 1970 and is greatly inferior to the F-15.

● The dogfight between Syrian and Israeli aircraft occurred near the Lebanese town of Damour. Israeli aircraft were bombing Palestinian guerrilla targets in the area when they were intercepted by the Syrian jets, according to General Raphael Eytan, Israel's Chief of Staff.

● It was the first serial clash Israel, it is difficult to see how

## Israeli jets shoot down Syrian MiGs over Lebanon

BY OUR FOREIGN STAFF

Israel shot down at least four Syrian MiG fighters over Lebanon yesterday in its most serious military action against its main Arab enemy since shortly after the 1973 Middle East war.

The action considerably heightened tension in the region and is a further blow to President Assad, of Syria, who already faces serious internal difficulties. There were unconfirmed that Syria had put its forces on full alert.

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between the forces of the two countries since April 1974, shortly before the two countries agreed to disengage their forces on the Golan Heights following the October 1973 war.

Syria, which has about 30,000 troops on a peace-keeping mission in Lebanon, has lately been using its MiGs over Lebanese territory.

Only on Monday, Mr. Menahem Begin, the Israeli Prime Minister, said that Israel would attack the Palestinian guerrillas in Lebanon without waiting for them to attack first. This presented a major challenge to Syria which assists the guerrillas.

President Assad, of Syria, already faces internal difficulties following the massacre by Moslem extremists of more than 80 army cadets at Aleppo nearly two weeks ago. The cadets were mostly members of the Alawi sect which dominates Syria. The Israeli action, in showing up the weakness of the Syrian armed forces, will only increase the strain on the Damascus regime.

But with an important part of the Syrian army deployed in Lebanon, and Assad having signed a peace treaty with

which cost \$13.5m to lost revenue, the tight cash limits set by the Treasury in February and the 13 per cent average wage settlement for railmen—against the 5 per cent budgeted—pointed to a second fare rise this year.

Sir Peter said in April that the "disarray of incomes policy must cast doubt on our ability to hold the line on fares."

Sir Peter made it clear, though, that if fuel prices rose at the level of their increase for the first six months of the year, the pricing policy could be "blown disastrously off course," and BR would be forced to impose a fuel surcharge.

Railway fares rose an average of 9 per cent in January. However, it later became clear that he combined impact of the drivers' strikes in January,

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Syria can retaliate strongly against Israel.

The Israeli action is likely to lead to Arab pressure on the U.S. to curb Israeli activities in Lebanon and make Israel take a more conciliatory line in the talks between Egypt and Israel on a form of autonomy for the Palestinian Arabs of the West Bank which have so far made little progress.

Yesterday the Egyptian Government said the battle underscored the grave dangers which could face the peace process because of Israeli attacks on Lebanon. The Egyptian Foreign Ministry statement condemned the Israeli air raid on

the conference on a Tuesday failed yesterday to agree on differentials.

The main stumbling block has been Iran's demand that her equivalent of Arabian Light be priced at no less than \$2 to \$3 above the Saudi product.

The average price for an OPEC barrel, including spot market transactions, is estimated at \$18-\$19 compared with less than \$11.50 in 1978.

Yesterday the heads of the Algerian, Kuwaiti and Venezuelan delegations tried to find

firm. If something happens which is totally out of the control of this country then as part of a national crisis we might be forced into a sort of surcharge," he said.

He said, too, that the railways must not fall behind the level of inflation, which led to speculation at the conference that at the end of the freeze, prices would have to rise in line with increases in the Retail Price Index. The Government has predicted that this will be running at an annual rate of 17 per cent by December, but NUI officials believe the figure will be nearer 20 per cent by the end of the year.

While BR may be hit by further rises in fuel prices, it has already aired a cost-cutting exercise, involving a 7 per cent cut in passenger services. The suggestion was withdrawn after further talks with oil suppliers.

Men and Matters, Page 24

Saudis insist on \$20  
maximum price

## OPEC talks deadlocked

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE Organisation of Petroleum Exporting Countries Ministerial conference was apparently deadlocked last night with no sign of agreement on a unified oil price structure for the third quarter of this year.

The meeting's second day concentrated on differentials for various types of crude, and how far prices should be allowed to rise above the basic reference price.

Saudi Arabia is believed to be insisting that the maximum price be no more than \$20, based on a price of \$17.75 a barrel for its Arabian Light, which has traditionally served as the "marker."

Such a rate would effectively subsume most of the surcharges imposed by other producers since April. The Kingdom has maintained a basic price of \$14.55.

But \$20 a barrel is the minimum that other members want as a basic reference. Iran is known to have demanded a minimum of \$23. At present she charges an official price of \$18.47 for her own equivalent of Arabian Light.

Mr. Issam Mabrouk, Libyan Minister of Oil, said yesterday: "This at least should be the minimum. We have asked for \$20 to \$21."

He claimed that the surcharges had already been absorbed into a unified price, leaving, by implication, only Saudi Arabia out of line.

Mr. Mabrouk emphasised that the problem was in reaching a "political price" acceptable to the world. "We are responsible and do not want to inflame the international community."

A special committee of economic experts appointed by the conference on a Tuesday failed yesterday to agree on differentials.

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Men and Matters, Page 24



Sheikh Yamani... no indication on output

a consensus of the 12 members other than Saudi Arabia as to what should be the correct differentials.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, was said last night still to have refrained from specifying his delegation's desired reference price.

Neither had he given any indication of whether Saudi Arabia would be prepared to increase her output to stabilise prices.

But members of other delegations say that Saudi Arabia does not believe she can sustain an extra 1m barrels a day above the present official ceiling of 5.5m for technical reasons, until the end of this year.

As the world, not the least the Western economic summit in Tokyo, watched the outcome of this OPEC conference, delegates spent most of the morning discussing the anti-trust suit filed late last year by Mr. William Winstanley, president of the International Association of Machinists, against OPEC in the U.S.

The legal action, reported to have embarrassed President Carter and the State Department, cannot be expected to engender moderation in OPEC.

The substance of the suit is that OPEC has contravened U.S. anti-monopoly laws against price-fixing. There is a serious possibility that as a result of it, oil-producers might accelerate the rundown of foreign assets held in the U.S.

of new vehicles by 10 per cent by 1985. Page 7 ● UK oil production for the North Sea rose to a peak of more than 1.6m barrels a day during May. Page 8

## Strike threat to stamp supplies

By Alan Pike, Labour Correspondent

INDUSTRIAL PROBLEMS at the Post Office intensified yesterday when clerical workers launched action which could halt the supply of stamps.

The Civil and Public Services Association called out on strike the members at the national stamp issuing centre in Herefordshire as the next phase of action in a nine-week pay dispute. The staff are responsible for receiving and checking money orders for new stamps from post offices.

The union warned that the action would escalate if other staff at the centre were suspended for refusing to take over the strikers' work. Strikes could affect the issue of postal orders, savings stamps, insurance stamps and girocheques.

Mr. Charles Elliott, vice-chairman of the CPSA's post and telecommunications branch, said: "After three or four weeks the public will not be able to buy a postage stamp at a post office."

The union said its action would hit London first because the city's post offices held smaller stocks of stamps than those elsewhere.

Mr. Elliott said he hoped the action would persuade the Post Office to "see the reality of our action and the seriousness with which we want to get a fair settlement."

If the CPSA succeeds in halting stamp sales, the action will not bring the postal service to a complete standstill as 80 per cent of mail is pre-paid or franked by machine.

The CPSA and the Society of Civil and Public Servants are seeking pay increases of between 20 and 30 per cent, which they say are justified by other public service awards. The action has held up the issue of telephone bills and delayed installation of new telephones.

In Scotland yesterday, telephone services were disrupted when 800 operators walked out. They complained that the action by CPSA computer staff was holding up payment of their wage increase.

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2 in New York

June 26 Previous

Spot \$2.1450-1460/\$2.1588-1595  
1 month 0.75-0.75 dis 0.58-0.58 dis  
1 month 1.79-1.79 dis 1.74-1.88 dis  
12 months 5.50-5.40 dis 4.25-4.35 dis

## No increase in rail fares unless fuel costs rise

BY PHILIP BASSETT AND LYNTON McLAIN

SIR PETER PARKER, chairman of British Rail, yesterday announced that there would be no further general increases in rail fares this year if fuel prices remained stable.

He told the annual conference of the National Union of Railwaymen at Palmston that the decision to hold down prices was "a risk we have decided to take."

Sir Peter made it clear, though, that if fuel prices rose at the level of their increase for the first six months of the year, the pricing policy could be "blown disastrously off course," and BR would be forced to impose a fuel surcharge.

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## 10% PETROL SAVING PLEDGE

UK car manufacturers have given a voluntary undertaking to the Government that they will improve the average petrol consumption

of new vehicles by 10 per cent by 1985. Page 7 ● UK oil production for the North Sea rose to a peak of more than 1.6m barrels a day during May. Page 8

## EEC States spurn £1.8bn aid

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

EEC MEMBER states are failing to use big sums earmarked for relief of unemployment, development of backward regions and encouragement of structural change in their economies.

According to the European Commission, at the end of last year almost 2.8bn Units of Account (about £1.8bn) appropriated for those purposes in EEC budgets over the past five years had not been paid out.

Roughly 1.2bn UA of the total was due to under-spending by the EEC Social Fund, which assists retraining of redundant workers and finds them jobs. The rest was accounted for, most of the backlog has been refunded by the Commission to national treasuries.

The Commission says that much of the under-spending

resulted from the failure of Britain and Italy, two of the Community's poorer members, to take up their full EEC entitlements.

At the end of last year, Britain had failed to draw more than 170m UA due since the Regional Fund was established five years ago, while Italy could have taken up about 260m UA more than it received.

Between 1976 and 1978, Britain drew only three fifths of the money that it might have expected from the social fund.

The figures are likely to fuel the debate over the two countries' demands for a fairer distribution of EEC resources. EEC leaders agreed in Strasbourg last week that their case, with proposals for reform of the budget mechanism, should be thoroughly discussed this year.

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## EUROPEAN NEWS

# Mrs Thatcher well ahead in the popularity stakes

FINANCIAL TIMES REPORTER

MRS. THATCHER seems to be the most popular Head of Government with the Japanese press (which also went wild over Queen Elizabeth in 1975)—but not only with the press. Lamp-posts in Tokyo have come out in a rash of stickers saying "Welcome, anti-Communist Thatcher."

The stickers are signed by one of Japan's extreme right-wing political fringe groups, the Aikoku (literally "Nation Loving Party"). Aikoku party faithfuls are said to have been somewhat disenchanted by Mrs. Thatcher's apparently cordial meeting with Soviet Premier Alexei Kosygin during her Moscow stop over en route to Tokyo.

Japan's top textile and cosmetics company, Kanebo, also welcomes Mrs. Thatcher in a full page advertisement in the Yomiuri Shimbun (Japan's largest daily newspaper with a circulation of over 7m).

The advertisement carries a large close up picture of Mrs. Thatcher over a text which praises her for "still making the breakfast at Number 10 Downing Street." At the top of the ad are the English words "for beautiful human life" — Kanebo's favourite slogan.

Roy Jenkins got a rather different kind of welcome from another Japanese newspaper, the Nihon Keizai Shimbun (Japan Economic Journal). Nihon Keizai shows the EEC President in his Tokyo-bound aircraft dreaming about rabbit hutches (the Japanese houses were described in the recently leaked EEC report on Japanese-European trade problems). In a second picture, Jenkins peers out of his limousine at a real Japanese house and says: "Correction—bird cages."

A pre-summit seminar for the Western and Japanese Press heard a prominent local businessman say that the correct description should have been "pig sty." Japanese journalists reported that 65 per cent of people questioned in a recent opinion poll had agreed that the commission's description was accurate. But, one said, he found his hutch comfortable and didn't want to leave it. Others admitted that most Japanese had a complex about the cramped accommodation they live in. What is less clear is what, with the astronomical

price of land in Tokyo, anyone can do about it.

PRESIDENT CARTER would probably have little trouble getting elected in the Japanese town of Shimoda. The seaside resort of 31,000 was descended upon by Mr. Carter, his entourage of reporters and 5,500 security men on Wednesday. The White House chose Shimoda to hold a town-meeting style gathering of local residents with the President because of its history. Commodore Perry in 1854, with his "black ships,"

Shimoda, who responded warmly, that when he is in the White House in Washington his "greatest hunger" is to be alone, away from security and the Press, and to be in the fields and woods again.

"Maybe after I am no longer president, I will have this chance."

At which point a cynical White House political reporter at the back of the gymnasium hall, whispered rather loudly "That will be next year."

AFTER VIEWING a perform-

Considering the absolute precision of the President's Tokyo schedule and airtight security surrounding his every move, the night out was something of a personal victory for President Carter, who has complained personally about the excesses of security measures. U.S. Secret Service agents checked the restaurant two



President Carter chats with Mrs Margaret Thatcher in Tokyo

knocked on the then closed Japanese door, first at Shimoda, and America's first ambassador, Townsend Harris lived there.

The dialogue showed Carter at his populist best with heartfelt references to his childhood — love in a family, honesty, friendship among people, a desire for peace, respect for one another, the beauty of nature — and so on. Young housewives asked him how to raise their children. He told a junior high school pupils he had indeed been scolded by strict teachers in his own student days "with a paddle, which did not hurt me permanently." Of his childhood: "I lived on a farm and we had a life style much more similar to what it was 2,000 years ago than what it is today."

Carter told the citizens of

ance of traditional Kabuki theatre on Tuesday night, the Carter family decided to stop at a Yakitori (chicken shish-kebab) restaurant for an unscheduled bite, much to the chagrin of the Japanese police, who were told only shortly beforehand. President Carter and his wife Rosalynn for an hour munched on a \$2.800 course of skewered bits of chicken, mushrooms and green peppers, and sipped Japanese sake and beer—much to the delight of the proprietor, Kan Masaki, 56, who had received President Carter as a customer four years ago, before the ex-Georgia governor became famous. The President's 11-year-old daughter, Amy, didn't eat much, but gladly accepted an empty Coca-Cola bottle as a souvenir, fascinated by the Japanese script on its label.

hours before the Presidential arrival, and Japanese police were told an hour before.

IT IS not the best of times to be arriving in Tokyo for the vast caravan of journalists and hangers-on who accompany international summits. First of all, it is the rainy season, and it is wet and hot. The Japanese authorities are taking a perverse delight in bringing home to everyone how seriously they take the energy crisis by restricting the level of air conditioning in the main conference hotels.

Other visitors to Tokyo are finding it hard to get accommodation, particularly as many major Japanese companies long ago decided to hold their annual general meetings in Tokyo today — at virtually the same moment that the summit opens.



## Ambassador to Pakistan 'attacked at nuclear site'

By Chris Sherwell in Islamabad

THE FRENCH Foreign Ministry yesterday called in the Pakistani ambassador to deliver a strong protest at Tuesday night's attack on M. Pol Le Gouffier, the French ambassador to Pakistan, and M. Georges Fremont, a first secretary at the embassy. They were beaten up after they apparently went too close to a site near Islamabad where the Pakistani Government is believed to be building an uranium enrichment plant. The plant is suspected of being used for Pakistan's development of a nuclear bomb.

Half a dozen men, assumed to be police or intelligence agents, stopped the car in which the French diplomats were travelling and attacked them, cracking the skull of the first secretary and breaking one of the ambassador's teeth.

Officials have denied that Pakistan has any nuclear weapon ambitions, but France recently withdrew its last technicians from another nuclear project because of doubts about Pakistani promises, and the U.S. cut off all project aid because it also fears that Pakistan may be trying to build an atomic bomb.

The attack is being seen by diplomats in Islamabad as a warning against others against showing interest in the controversial plant.

The two men had been returning home from the area near Kahuta, 25 miles south-west of Islamabad. A police official said the diplomats were visiting an old fortress in the area, but a large unlisted construction project near the small sleepy town is thought to be the project which Pakistan is trying to build with parts surreptitiously purchased in Europe and plans smuggled out of the Urenco plant in Almer, Holland.

Diplomats suspect that work at the pilot plant level may already be going ahead. Pakistan acknowledges only that it is doing research work on enrichment.

Several large buildings are being constructed on the Kahuta site. A big dam is being built, a power line of unusual size for the area feeds the site, there is a helicopter pad, and pieces of army equipment nearby are shrouded in camouflage netting. Hundreds of people are working on the project, even on the customary Friday rest-days.

An eight-foot stone wall is going up to prevent people looking in from the road. Signs outside demand proof of identity and security is tight, with plain-clothes men on constant duty. No billboards indicate who the contractors are, but a sign outside describes the place as an "army base repair workshop." Old army vehicles are lined up near the perimeter.

The site is adjacent to a public highway taking traffic to Pakistan-occupied Kashmir, about 40 kilometres away. As the French diplomats returned home, they were followed by a motor-cycle. Suddenly they came across a road-block consisting of a truck and a car. At least six men appeared and bailed them from the car, heading them up. The first secretary can barely remember the incident.

Diplomats reacted with concern when they learned of the attack, but it is too early to say whether security will be increased. It is presumed that there will be an apology, although there has been no sign of one so far.

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## Lome convention talks end with split in ACP group

BY MARGARET VAN HATTEN IN BRUSSELS

NEGOTIATIONS FOR a successor to the 1976-80 Lomé Convention on trade and development between the EEC and 57 African, Caribbean and Pacific countries ended in confusion yesterday, after a split in the ACP group.

The Nine, together with most of the ACP countries, held that the negotiations were concluded and an agreement ready for signing, pending agreement on a few secondary details.

About 12 ACP countries, including Tanzania, Zambia, Nigeria, Jamaica and Barbados, refused to accept the final text. They insist it should be examined by ACP ambassadors, and that their Ministers meet again before deciding whether to sign the new convention.

Mr. Donald Rainford, the Jamaican ambassador, later accused the EEC side of changing the wording of the final text on at least one issue—that of investment guarantees—and said he had "serious suspicions" of other similar "practices."

"This was not the text we agreed last night," he said. "I

don't intend to take responsibility for it."

The last negotiating session, lasting 25 hours, ended in an atmosphere of disappointment and bitterness without the joint Press conference customary after EEC-ACP talks. The ACP Ministers gave no formal conference, although Mr. Ousmane Seck, the Senegalese Foreign Minister, said he considered the talks to have ended satisfactorily. It was now up to the ACP countries to sort out their differences among themselves, he added.

M. Jean Francois-Poncet, the French Foreign Minister and president of the EEC side, had already left for the Tokyo summit, leaving it to Mr. Michael O'Kennedy, Irish Foreign Minister to announce that all the major outstanding issues had been resolved.

It is not yet clear whether this is so. On the controversial issue of human rights, for example, the EEC side are still insisting on a reference to the issue in a preamble to the convention. Mr. Douglas Hurd, the UK Minister, described the matter as "most important."

But the ACP Ministers insist there should be no further negotiation—and no reference to the issue in the text.

Commission officials were yesterday confident that an agreement would be signed within the next month or so. They suggested that the dissenting ACP countries were concerned mainly with showing they could not be rushed into an agreement. In any case, they added, the EEC was not prepared to negotiate further.

The agreement on offer includes total funding of £3.6b—about £300m more than originally proposed by the EEC. The British contribution will be about £535m, an increase of about 11 per cent on the ceiling previously set by the UK Government.

Most of the money will be spent on aid projects, with about £440m set aside for loans through the European Investment Bank, a further £180m for loans to help minerals projects threatened with closure, and £380m to supplement export earnings on farm products.

## Soviet oil exports to West fall by 20%

BY DAVID SATTER IN MOSCOW

SOVIET OIL exports to the West apparently dropped by almost 20 per cent in 1978, as the Russians show signs of concentrating on deliveries to their energy-short partners in Eastern Europe.

The Soviet Union has pledged to supply Comecon with 50m tonnes of oil this year, and during the first four months of this year exported approximately 30m tonnes, which was apparently needed to overcome the fuel crisis caused by last winter's severe weather.

There was no published figure for the volume of Soviet oil exports, but the Soviet Foreign Trade Yearbook for 1978 showed yesterday that the value of Soviet oil exports to the West and Japan dropped to Roubles 3.57bn (£2.6bn) in 1978, from Roubles 3.8bn in 1977.

This 6 per cent decrease in the value of Soviet oil exports

to the West came in a year when the market price for oil, which is what the Soviet Union charges its Western customers, rose by 15 per cent. The volume of Soviet deliveries to the West, therefore, apparently fell by about 18 per cent.

Deliveries to Comecon countries, at the same time, apparently rose. The statistics for 1978 showed that oil exports to Comecon in 1978 had a value of Roubles 4.72bn, an increase of 25 per cent in value terms over oil exports for 1977.

The Soviet Union sets oil prices for its Eastern European partners on the basis of a five-year sliding scale, and its prices were set on an average of prices in the years 1973-77. The price rise was not thought by Western economists, however, to have accounted for the entire 25 per cent increase in the value of Soviet oil exports to Comecon.

## Poland 'still suffering' from winter

By Christopher Robinson in Warsaw

THE POLISH economy has still not recovered from this year's heavy winter. Mr. Edward Gierk, the party leader, told a meeting of workers' representatives. Speaking on the eve of the Comecon summit in Moscow, Mr. Gierk said, however, that production shortfalls caused by the winter disruptions had been made up in some sectors of industry.

Production was still behind plan, however, in such crucial areas as artificial fibres, plastics, cement, paper, rolled steel products, copper and zinc. The winter, then the spring floods, and now lack of rain would result in harvests this year being less than planned. Mr. Gierk also pointed to the growth of raw materials prices this year as another source of concern.

## E. German energy price rises

BY LESLIE COLTIN IN BERLIN

EAST GERMANY has ordered energy prices paid by industrial users to be raised by up to 30 per cent, to counter growing Soviet criticism that Comecon countries are not doing enough to conserve energy.

A new East German decree stipulates that prices for electricity, oil and natural gas for factories are to be raised to stimulate the energy conservation.

The new prices, to come into effect on January 1, replace prices last increased four years

ago, when the Soviet Union raised prices for oil and natural gas exported to other Comecon countries.

In a speech to the Comecon summit meeting in Moscow, Mr. Alexei Kosygin, Soviet Prime Minister, reminded the other Comecon countries that fuel and energy deliveries from the Soviet Union were "extensive" and urging that more attention be paid to their economic use.

During a visit to Czechoslovakia last month, Mr. Kosygin

was faced with Czech requests for added supplies of oil and natural gas. At the time he said the Comecon countries should take "rigorous" measures to economise energy consumption.

The increased energy prices for East German industry are, apparently, not to be passed on to the consumer. Household electricity rates remain low, with the Government subsidising increasing by the month as more electrical appliances are bought.

## French move on death penalty

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government is considering abolishing or suspending capital punishment for some crimes, but continues to be opposed to total abolition, Mr. Alain Peyrefitte, Justice Minister, told the National Assembly.

The Minister was speaking after a much-publicised Parliamentary debate, during which opposition Socialist Deputies walked out of the Chamber in protest at the Government's

decision not to allow a vote on abolition.

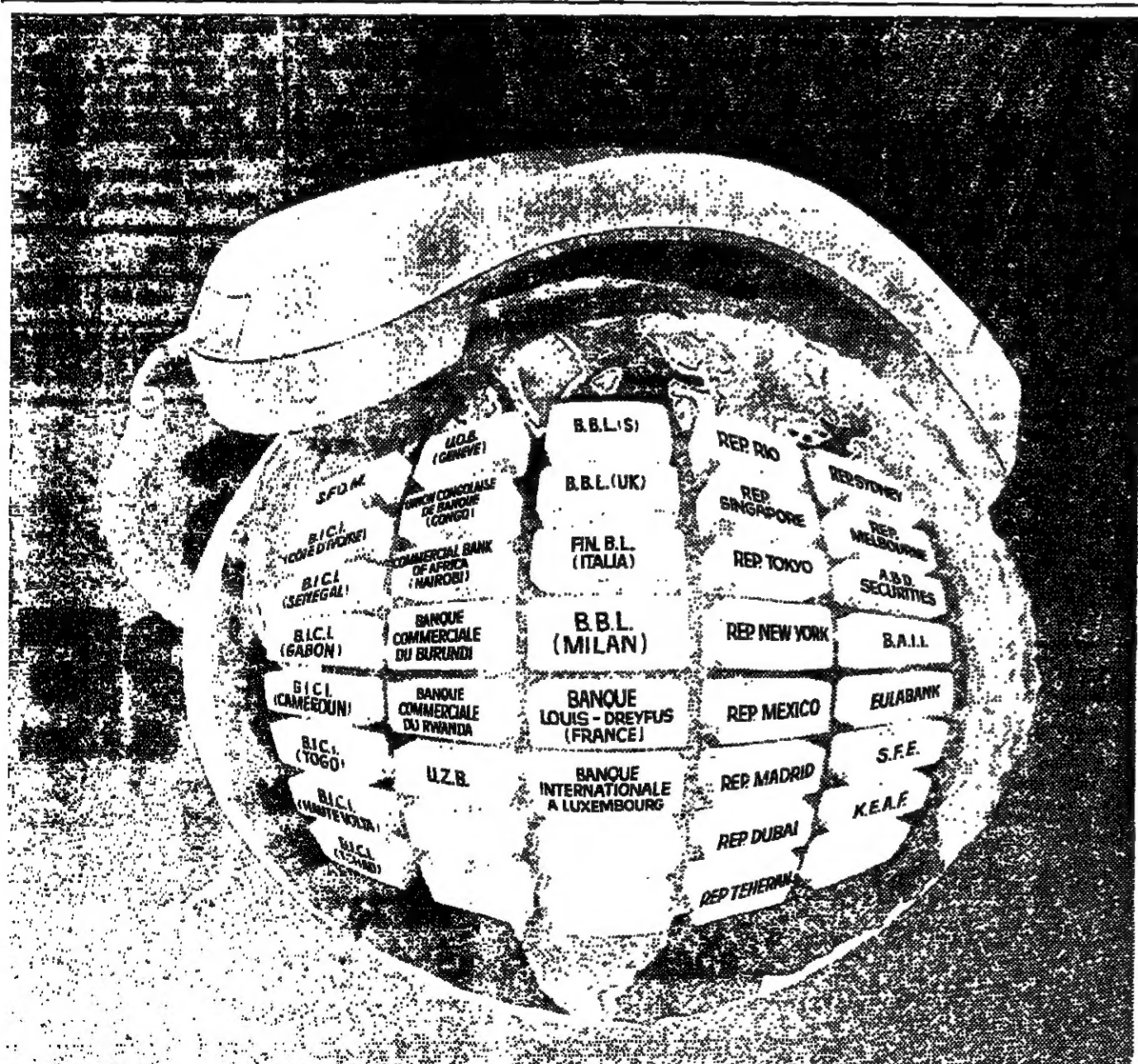
M. Peyrefitte suggested that three categories should be established for those crimes now subject to the death penalty.

Capital punishment would be abolished for crimes such as arson and piracy—for which it was never applied in practice—although it is still provided for by law.

For a second category of crimes, including murder of

prison wardens and policemen attempting to arrest armed robbers, the death penalty would be maintained.

M. Peyrefitte recognised that support for abolition of capital punishment was now strong in France. But clearly, the Government is still hesitating to plump for complete abolition because public opinion polls indicate that most Frenchmen oppose such a step.



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## EUROPEAN NEWS

### Leadership vote shows split in Italy's ruling party

BY RUPERT CORNWELL IN ROME

PROFOUND split among Christian Democrats over the leadership of the party, the consequent threat to the position of Sig. Benigno Zaccagnini, the party secretary, was brought into the open by last week's vote to elect a leader of the Christian Democrat parliamentary party, contrary to most forecasts, Giovanni Galloni, a close ally of Sig. Zaccagnini, and Sig. Andreotti, the Prime Minister, on the party's moderate wing, failed to win re-election to the post he held in the last Parliament.

Although the Christian Democrats also lost ground fractionally, against the weight of expectation that they would climb back to the 40 per cent mark.

The developments have strengthened the hand of the vociferous and growing element within the party, centred around Sig. Amintore Fanfani, the former Prime Minister, Sig. Carlo Donat Cattin, a vice-secretary of the party, and Sig. Antonio Bisignani, the State Participations Minister.

The evident crisis at the top of the Christian Democrat hierarchy can only complicate still further the quest for a new Government, which started yesterday with the first formal

consultation by Sig. Sandro Pertini, the President.

It is still expected that Sig. Andreotti will be the first politician to be asked to form an Administration — probably at the start of next week, after his return from the seven-nation economic summit in Tokyo.

But unless the Communists defy all predictions and agree to some form of co-operation along the lines of that which broke down last January, when they left the majority and precipitated elections, his chances of success look slim.

The Socialists, who came out of the elections little stronger, but still holding the balance of power, have stated repeatedly that they will not keep in office a Government headed by Sig. Andreotti. The Socialists are also showing some sympathy with the demands of the smaller parties for a "lay" Prime Minister, for the first time a non-Christian Democrat.

If Sig. Andreotti fails to form what would be his sixth Government, the task will probably fall to Sig. Flaminio Piccoli, the Christian Democrat president, who has been adopting a mediatory position between the two wings of his party.

### Wallenberg attacks Sweden's strategy

BY WILLIAM DUFFELL IN STOCKHOLM

MARCUS WALLENBERG, most prominent personality in Swedish industry and banking for the past 40 years, makes of the strongest attacks yet shed on his country's economic and social policies in the latest issue of *Skandinaviska* (Scandinavian) magazine.

Mr. Wallenberg's quarterly magazine, *Skandinaviska*, is a leading publication in Sweden, and its latest issue contains a series of articles, many of which are entitled "Reflections on Sweden's economic policy."

Mr. Wallenberg's view, first, is that the Swedish economic policy has ignored the dependence of the Swedish economy on foreign markets and has not realised the need to balance demand and resources.

Second, economic policy has been "the expression of distrust in individual initiative, economic incentives, freedom for business and the market economy. On the other hand, a superstitious belief in collective systems, state intervention, regulations and so-called planning has prevailed."

Dr. Wallenberg expresses surprise that there has been so little trade union reaction to the deterioration in competitive power which has already eliminated the economic value of substantial parts of Sweden's natural resources and basic industries.

State policy had not devoted enough time and resources to the problems of business. The most striking impression left from contacts with public administrators was "their conviction of their own sufficiency and their disinclination to allow the validity of others' argument," Dr. Wallenberg states in a final salvo.

Wallenberg documents characteristic trends in Swedish economic development which are not peculiar to Sweden but in which it has "in the front line." They are:

- The unremitting expansion of the public sector.
- The rise in direct and indirect taxation on both private and public companies to pay this expansion.

### Faroes Premier urges dissolution of Parliament

BY HILARY BARNES IN COPENHAGEN

ATLÍ DAM, the Social Democrat Prime Minister of the Faroe Islands, has called new elections to the Parliament. The right of dissolution, however, rests with the Parliament, or Lagting, which does not meet until the end of July, and may not agree to dissolution.

The last election was held in 1974, and it will be the first time that the Lagting has been dissolved before the end of its four-year term.

The November election resulted, after two and a half months of negotiations, in a coalition of Social Democrats, Conservatives and Republicans. Mr. Dam said the coalition has broken up because of differences over the extent of public participation in industrial development. He claimed that the Conservatives were failing to live up to their commitments to the Government's 17-point programme.

### Holland halves trade deficit this year

BY OUR AMSTERDAM CORRESPONDENT

THE NETHERLANDS continued to run a foreign trade deficit in April but the cumulative shortfall for the first four months of the year was only 10.5 per cent of the level of the same 1978 period.

The April deficit amounted to 267m (£61m) on imports of 10.51bn (£2.35bn) and exports of 10.24bn (£2.29bn), according to provisional figures from the Central Statistics Office.

### Netherlands unions boycott talks

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS' two largest union federations will take part in discussions with the Government about its budget estimates for 1980. The Catholic FNV and the Protestant CNV took this decision after the Cabinet reached agreement on curbing the growth of incomes and social security payments through a 3.5 per cent wage freeze.

CNV Chairman Mr. Harm van der Meulen accused the political parties of thinking more about their own position in Parliament than of the unemployed. Mr. Wim Kok, Chairman of the FNV, said he was disappointed that even the left wing of the Labour Democratic Party, which initially opposed the cuts, had backed down. The Cabinet

### Sharp rise in Swiss reserves

The foreign currency reserves of the Swiss National Bank, which at mid-month were at their lowest point since the large interventions of last September, rose sharply again in the week ending on June 22, John Wicks writes from Zurich.

The increase, of Sfr 1.67bn (£470m) to Sfr 23.07bn, was due to National Bank intervention purchases of dollars, even though these were partially offset with dollar investments, primarily in connection with swap transactions with commercial banks. The National Bank also bought securities in the market, thus increasing its security holdings by Sfr 20.3m to Sfr 823m.

### Belgian prices steady

The Belgian wholesale price index (base 1939=58) rose 0.03 per cent in May from April, to 890.8 and was 5.2 per cent higher than in May last year, Reuter reports from Brussels.

In April, the index rose 0.08 per cent from March, and was 5.2 per cent above April 1978.

### Nuclear plan dropped

Luxembourg has dropped plans to build a nuclear power plant at Remerschen, similar to the one near Harrisburg, Pennsylvania, which suffered a serious nuclear reactor accident in March, Reuter reports from Luxembourg.

A deal was signed on June 6 with Arbed SA, the Grand Duchy's coal and steel corporation, for studies on a coal-burning thermal power station to replace it, government officials said yesterday.

### Social security curbs

The French Government is to announce a series of measures next month aimed at slowing the rapid growth of spending by France's social security system, M. Raymond Barre, the French Premier, said yesterday.

Reports from Paris, M. Barre, who was announcing the establishment of a commission to monitor social security spending, said that if the Government, the social security services and the medical professions are unable to reduce the growth of spending in the next 18 months, "the very foundation of our system of social protection will crumble."

Coal may have a bright future in West Germany. Roger Boyes reports.

## Competitive by subsidy

DR. KARL-HEINZ BUND, the normally unassuming and phlegmatic chairman of Ruhrkohle, West Germany's largest coal producer, seemed to be gripped by almost evangelistic fervour a few days ago. His long-standing belief in the future of coal appears to have been vindicated at last.

The turning point came earlier this month when, according to Ruhrkohle calculations, industrial and domestic heating oil became more expensive than coal and coking fuel. Coal has once again become competitive in West Germany.

Spelling out the implications of cheaper coal, Dr. Bund is urging the Government to take up the "coal option." Similar, though more restrained, calls have come from the gas industry. Together the coal and gas industries believe they have the answer to West Germany's energy problems, and are planning rapid expansion to fill at least part of the gap left by oil shortfalls and by the uncertainties, political and otherwise, surrounding nuclear power.

The Government has so far maintained that there is no serious oil shortage in Germany, and that the problems can be solved by price adjustments and relatively mild conservation measures.

Dr. Bund is less confident and, in any case, feels that reliance on a single energy source, like oil, will always create serious structural problems in the German economy. Oil, almost all imported, now supplies more than 52 per cent of West Germany's energy. Hard coal, by contrast, supplies 17.7 per cent, most of it from domestic production.

If fuller use were made of existing capacity, domestic coal supplies could be stepped up immediately by 17m tonnes a year: an extra 7m tonnes could be produced and 10m tonnes could be diverted from exports. This would come on top of the

already significant rise in production last year of 11.9m tonnes to 95.7m tonnes.

Moreover, some immediate energy shortfalls could be made up simply by using the 13m tonnes of unsold coal at the German pits — which incidentally would relieve Ruhrkohle of a considerable financial burden and by drawing on the 10m tonnes of national coal reserves.

The nub of Ruhrkohle's case is that hard coal production alone could meet about 22-25 per cent of German energy needs by the 1980s, reducing dependence on oil by some 7 per cent. The gas industry is also gearing itself up for wider distribution, although the case for gas is less clear-cut.

Ruhrkohle, West Germany's largest natural gas distributor, announced last week that the gas industry expects to have to cover 18 per cent of German energy requirements in the early 1980s compared with 15.4 per cent last year. This will entail an increase in deliveries from 540bn kWh — equivalent in 1978 to 800bn kWh-equivalent in 1982.

But Herr Klaus Liessen, chairman of Ruhrkohle (of which BP now holds 25 per cent), said last week that gas should be kept within strict limits, and should not be allowed to exceed 20 per cent of the overall energy supply. There are several reasons why this should be so.

Gas concerns like Ruhrkohle have managed to make consistently high profits, in vivid contrast to Ruhrkohle. This profitability rests on careful restraint in import growth, according to Ruhrkohle executives; gas is having to be transported over longer distances and at greater cost than before.

To assume more than a 20 per cent share of the German energy market, the gas industry would also have to risk excessive dependence on a single gas exporter — Holland, Norway, the

Soviet Union and Algeria are expected to be the main sources of natural gas in the next two decades — and thus, to undermine the industry's quest for diversified imports.

Security of supply, Dr. Bund claims, is what the domestic coal industry can offer Germany. It can act as a safety net in times of crisis and it creates employment, rather than political problems.

unimpressed by Ruhrkohle's claim that coal has become cheaper than oil: prices vary radically from region to region, and Ruhrkohle's main model has been the Duisburg district, where coal is traditionally cheaper. Coal has an important wage element in its cost, and the high cost of removing coal-based pollutants exacerbates the problem.

Dr. Bund's case for coal has

Genscher, the Foreign Minister, have given a further dimension to the debate. They have both drawn on writings by the physicist Dr. Carl Friedrich von Weizsäcker to point out that an overwhelmingly coal-based economy would produce excessive amounts of carbon dioxide which, in turn, could alter the climatic balance. This is not to say that the Government is "anti-coal." The dilemma is rather that the anti-nuclear lobby claims that increased coal production will make nuclear energy superfluous. The Government, and indeed Dr. Bund, argue that coal and nuclear power are complementary, not mutually exclusive. In the heat of the debate, however, the case for coal has taken something of a beating.

As things stand, the Government will probably try to stabilise demand for coal at a relatively high level — between 95m and 100m tonnes perhaps — but will focus most of its efforts on beefing up research projects.

Research has taken three major directions. First is the effort to reduce pollution caused by dust, soot and sulphur dioxide. Ruhrkohle is participating in research into the "whirling layer process," in which air is blown through a dust mixture of chalk and coal, leaving comparatively harmless fumes.

Second, new ways of liquefying coal — to produce heating oil and raw materials for the chemical industry — are being investigated. Present methods are uneconomical. Finally, German scientists are trying to find a cheap way of vapourising coal to produce gas.

Dr. Bund has great hopes for all three strands of research. But Ruhrkohle officials say even more Government finance is needed to realise their ultimate plans for coal. As they candidly admit, this may only come about if there is another sweeping price increase in oil prices.

Industrial and domestic heating oil became more expensive than coal and coking fuel in West Germany this month. The Government is being urged to make more use of coal to solve Germany's energy problems, while both the coal and gas industries are planning rapid expansion.

The Government already has implicitly recognised the importance of coal by introducing a complex system of direct and indirect subsidies. German power companies have their coal-fired capacity subsidised by an amount calculated to represent the difference of the cost of electricity produced from oil and that produced from coal. The Government can — and does — control demand for coal by issuing permits only for coal-fired power stations, which have become the major single consumer for coal. Other government subsidies go directly into the coffers of Ruhrkohle and other coal producers, helping to fund research programmes and keep demand constant. Any government assistance to the steel industry also benefits the coal-producers who provide coke for the furnaces.

One government argument is that digging more coal would receive even more subsidies and broader financial commitments. Officials appear to be

also suffered because of the controversy over nuclear power. Both the Social Democrat and Free Democrat parties, the members of the Bonn coalition, have devoted much effort recently to persuading party dissidents that nuclear power makes sense, if only as an interim source of energy. Predictably, coal has been caught in the crossfire of the debate.

Dr. Volker Hauff, the Research and Technology Minister, recently presented an "energy scenario" in which the advantages and disadvantages of nuclear power and coal were compared. No conclusions were drawn, but the message was clear: a major increase in coal production would create extraction and transport problems. Coal was too labour-intensive, and coal imports would be increasingly necessary to supplement domestic supplies. Once liquefaction projects to produce "oil" from coal got under way, Chancellor Helmut Schmidt and Herr Hans-Dietrich

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## THE MIDDLE EAST IN TURMOIL

## SYRIAN TROOPS 'SET FOR LIBYA'

## Pressure mounts on Syria's leader

BY ROGER MATTHEWS

THE DOG fight between Syrian and Israeli jets over the town of Damour, south of Beirut, is a dangerous escalation of the state of war which still technically exists.

It comes at a time when Syria was also on the point of sending troops to Libya to pre-empt an attack across the border by Egypt.

Agreement on military support for Libya is believed to have been reached last weekend during a visit to Damascus by Colonel Moammar Gaddafi, who is known to be increasingly alarmed about the Egyptian military build up on the frontiers. The cost of the Syrian transfer of troops is certain to be borne by the Libyans and it is probably that Gaddafi has also agreed to increase economic assistance to Syria.

Coming so soon after the massacre of Syrian army cadets at a military academy in the town of Aleppo 11 days ago, yesterday's aerial clash with Israel must further increase pressure on President Hafez al-Assad. A naturally cautious man, President Assad is known to be acutely aware of the dangers involved in responding to what is seen from here as Israeli provocation. He has always stated that Syria will fight Israel again if it has to, but at a time of Syria's crisis.

With President Sadat of Egypt having signed a peace treaty with Israel and Syria receiving militarily with nearly 30,000 troops deployed on a peace-keeping role in Lebanon, the options for Mr. Assad are limited and the dangers acute. On the one hand he cannot risk a full-scale conflict with Israel, but on the other hand, Syrian military pride has to be maintained.

It was for this latter reason that a few weeks ago the first Syrian jets over Lebanon were started. First Israeli jets

would swoop low over Beirut or southern areas of Lebanon, to be followed perhaps 30 minutes later by Syrian aircraft. Some military experts believe that yesterday was the opportunity for the Israelis had been waiting for as with much superior radar coverage of Lebanon they could choose their moment with greater accuracy.

Many Syrians believe that Israel, having neutered Egypt militarily, would inevitably then turn on Syria and attempt to destroy it as a credible military force before unity could be established with Iraq and before there was a change of regime in Cairo.

There is no current reason to believe, however, that efforts to destabilise the Syrian regime will prove successful in the short term. The shooting down of Syrian planes is likely to unify the population behind President Assad.

Mr. Ahmed Iskandar, Syria's Minister of Information, also revealed that nearly 200 members of the extremist Islamic sect, the Muslim Brotherhood, have been arrested since the massacre of Syrian cadets in Aleppo. Death sentences on 18 members of the sect who had been convicted of earlier crimes, would be carried out "very shortly".

The Minister specifically accused the U.S., Israel and President Sadat of "paying, training and manipulating" the Muslim Brotherhood while some parts of the Western media, in particular the BBC, Reuters and Israeli radio "has repeated anything which could distort the face of Syria and encourage sectarian fighting inside the country".

Mr. Iskandar denied that most of the cadets killed in Aleppo were members of the minority Alawite sect to which President Hafez al-Assad belongs. Christians and Sunni Muslims were also among the 32 dead and 54 wounded.

BY JAMES BUXTON

ISRAEL'S shooting down of four Syrian fighters over Lebanon yesterday is the nearest the two countries have come to direct conflict since the war of attrition between them ended just over five years ago.

It could hardly have come at a more sensitive time for Syria, or for the rest of the Arab world. For that reason, it is acutely embarrassing for the U.S. as it braces itself for a further increase in the OPEC oil price, which is another consequence of American policies in this volatile region.

With Israeli radar surveillance of southern Lebanon so effective, the Israeli Air Force has known when Syrian aircraft were operating there—as they began to do a few weeks ago. The Israelis were thus in a position to choose when they should themselves mount sorties over Lebanon.

On Monday Mr. Begin, the Israeli Prime Minister, announced a new policy of dealing with Palestinian guerrillas, saying that the Jewish state would attack them at will without waiting until they carried out operations against Israel. He also called for the immediate withdrawal of Syrian troops from Lebanon.

By defeating the Syrians in a dogfight the Israelis have struck at President Hafez Assad at an awkward time. Internally he is hard-pressed, with his Government engaged in its major internal security opera-

tion against the extremist Muslim Brotherhood.

The armed forces, which brought President Assad to power in 1970, will be anxious for revenge against Israel, but the Israeli action only emphasises their weakness. Despite their large numbers, some 30,000 troops are tied down in peace-keeping duties in Lebanon. And the Syrian high command knows very well that it cannot make war on Israel on its own with any hope of success. With the Syrian capital only about 50 miles from the Israeli front line on the Golan Heights, such a move would be folly.

Syria lacks effective military allies. Egypt, whose participation in the October 1973 war was crucial to the relative success the Syrian forces then enjoyed temporarily, has signed a peace treaty with Israel which involves a further degree of demilitarisation along the two countries' borders. Even if President Sadat were not, as he surely will be, delighted at the discomfiture of President Assad, his forces would be in no position to match the Israelis in combat.

Syria's rapprochement with Iraq which began last autumn after the Camp David summit almost doubles, potentially, the forces confronting Israel on its northern flank. But in practice Iraq has not sent any troops to Syria and there have been setbacks to the progress of political unification of the two states. These difficulties stand partly in the way of the serious internal

troubles which Iraq is also facing, including problems with the domestic Shi'ite Muslim majority, with Kurdish separatists in the north-east and along the border with Iranian Khuzestan, where there have been a number of recent clashes involving troops and aircraft.

For these reasons Syria has been careful to minimise the possibility of an armed clash with Israel. According to an interview with Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation, which was published in the latest issue of Middle East magazine, the PLO did not ask for Syrian help in recent Palestinian clashes with Israel in order to avoid Syria's being drawn into battle with Israel prematurely. Mr. Arafat said: "I have already discussed this (a pre-emptive Israeli strike) several times with President Assad. He is fully aware of that."

In April, 1967, there were heavy clashes between Syria and Israel in the Lake Tiberias area in which Syria suffered serious losses in aerial dogfights. A few weeks later Syria was defeated in the Six Day war during which Israel occupied the Golan Heights, part of which it still holds to this day.

Yesterday's events must be accounted yet another setback to U.S. policy in the Middle East. Even though Mr. Assad is a staunch enemy of the Egyptian peace treaty, he is also a shrewd, patient and fundamentally moderate man who, given the right terms, might prove far



more amenable to peaceful settlement in the Middle East than anyone who might replace him.

For the Arab world as a whole the exposure of Syrian military impotence will be taken as a collective blow to pride and a reminder that while the peace treaty promises to bring the whole of Sinai back into Arab hands (albeit into the control of an ostracised Egypt), it has not curbed, what they see as, Israeli aggression against its other neighbours.

With progress towards solving the central issue of Arab-Israeli relations, the future of the Palestinians, so halting, in spite of the peace treaty, there will be renewed pressure on the U.S. to

curb its most favoured ally in the region. It is not likely to make the Arab oil producers any more disposed to take the moderate line on oil prices that the U.S. so anxiously desires.

Ye in similar instances of Israeli military action against Arab states and guerrillas, Washington's reluctance, for domestic political reasons, to go too far in curbing Israel, combined with the Israeli strategy of fait accompli before anyone has time to react, have limited the effectiveness of U.S. action against Israel. The U.S. has had particular difficulty in restraining Israeli activity in southern Lebanon where Israel strongly supports the Right-wing Christians.

## Israel worried by cost of withdrawal

By Margaret Hughes and Anthony McIntyre in Tel Aviv

THIS ISRAELI Government, already faced up to an inflation rate of over 50 per cent, is concerned at the effects on the economy of withdrawing its troops from Sinai to the Nagav. Mr. Mordechai Zippori, the Deputy Defence Minister, said in an interview that the overall cost would be \$100bn (\$10m), which would be added to the existing national budget of \$120bn, which is coming up for its third reading in the Knesset.

The redeployment plan formed part of the arrangements for Israeli withdrawal from occupied Egyptian territory under the terms of the Washington Treaty signed last March. This involves the construction of three new air bases, replacing four to be abandoned in Sinai.

According to Mr. Zippori one quarter of this expenditure—\$10bn—will be spent on two air bases which will be built by American companies. One will be at Uvda, 40 kilometres north of Eilat, Israel's Red Sea port, and the other at Ramon, near Sede Boker in the Negev. Another 25 per cent will be spent on buying equipment from abroad, mainly for intelligence, with the rest on infrastructure to support the new bases. The \$40bn does not cover the cost of moving some 3,000 civilians from 13 Jewish settlements.

The financing of this military redeployment will come largely from the U.S. It is expected \$500m in grants and another \$2.2bn in soft loans (the interest rate has been set at 3 per cent and repayments are to start after 10 years). The rest, about \$10bn, is to be raised by Israel.

The construction of two of the air bases is to be carried out by three American consortia. Management Support Associates, Nagav Air Constructors and Airbase Constructors, composed of relatively unknown companies. Both the Histradrut, the trade union organisation, and the Association of Israeli Manufacturers have complained to the Government that the contract has not been awarded to Israeli companies.

The third air base is to be built by Israeli contractors, Mr. Zippori said. The cost would be about a quarter less than the U.S.-built airfields. The decision to go ahead with the construction of an air base will be taken within the next six to 12 months.

Sub-contracts for all three bases will be open to companies from any country, which has diplomatic links with Israel.

## 'Peace essential to solve energy crisis'

THE WORLD'S mounting energy problems, and peace in the Middle East are now closely linked. Peace will not make the threatened oil supply crisis disappear for the duration of the 1980s, but it would at least provide valuable time to work out solutions.

Oil industry leaders and western government officials have been warned this week that the present instability in the Middle East again poses a direct threat to hopes of reaching some form of accommodation with the oil producing countries over future production levels.

According to Mr. James Akins, the former U.S. Ambassador to Saudi Arabia, "war would mean an absolutely certain disruption of energy supplies. It could even result in a cut-off of all oil from the Gulf which would result in economic collapse in many parts of the world, including Europe and Japan and could cause serious disruption in the U.S."

Recent events in the Middle East, most immediately the

latest aerial battle between Israel and Syria, have startlingly highlighted that oil is a commodity profoundly affected by political influences.

Mr. Fuad Itayim, editor of the Middle East Economic Survey, warned earlier this week at a meeting of the International Energy Conference in Moscow that it was imperative that "Western nations should 'concern themselves directly with the causes of instability in the region instead of merely treating the symptoms by developing a defensive strategy through the International Energy Agency'." The IEA is the growing group of 20 of the largest oil-consuming countries that was set up in the wake of the last oil crisis in 1973/74.

There is a growing recognition, both among the oil producing countries and some western governments, that only a dialogue between the industrialised world, OPEC and developing countries could produce an opportunity for heading off the most dire consequences of both further military upheavals in the Middle East and of the OPEC

countries—or at least its Arab members—again resorting to tighter production ceilings to achieve political ends.

Even if peace prevails in the Middle East, the latest projections by the oil industry and

Events in the Middle East, including the latest aerial battle between Israel and Syria, have confirmed that oil is a commodity profoundly affected by political influences. KEVIN DONE, Energy Correspondent, reports on the threat posed to oil supplies and economies.

several western governments' energy departments on energy supply and demand in the next five years are becoming increasingly gloomy about the prospects of avoiding a major recession, because of the lack of adequate oil supplies. According to Dr. H. Franssen,

director of market analysis at the U.S. Department of Energy, the latest U.S. projections suggest a shortfall in supplies of crude oil for all the years through to at least 1985.

The Department is projecting OPEC production at only 33m barrels a day by 1985. With an economic growth rate of just 3 1/2 per cent a year in the OECD countries (the major industrialised nations), there would be a shortfall in supplies of 4.5m b/d by 1985.

Such a growth rate would be perhaps the minimum required to maintain anything close to full employment, but for next year at least the U.S. Energy Department is assuming a growth rate of only 2 per cent.

To maintain even a 3 1/2 per cent growth rate through to 1985, the OECD would need oil imports of about 30m b/d. Allowing for OPEC consumption and the demand from the developing world, this would imply an OPEC production level of 36.5m barrels a day in 1985. If U.S. forecasts that the USSR will also be importing

1m b/d by that year are correct, OPEC production would have to rise to 37.5m b/d, a level some 4.5m b/d above the U.S. Energy Department's current estimate.

A level of 33m b/d would assume that Saudi Arabian production had risen to 10.5m b/d, an increase of 2m b/d above its present ceiling.

The projections of the U.S. Energy Department do not take account of major "surprises". But the latest conflict in Lebanon is a timely reminder of the instability of the Middle East and the precarious nature of the West's oil supply lines from the Gulf.

According to Mr. Akins, any armed intervention by the U.S. to take control of Gulf oil supplies would also have disastrous consequences. Invasion was not only morally wrong but also unfeasible. "The OPEC countries could easily cut their oilfields out of commission for an indefinite period. We must assume that they would do so rather than allow them to fall into hostile hands."

## Fears for peace process

CAIRO — Egypt said yesterday that the air battle between Syrian and Israeli jets underscored the grave dangers which could face the peace process because of Israeli attacks on Lebanon.

A statement attributed to the Foreign Ministry condemned the Israeli air raid on Palestinian targets in Lebanon but carefully refrained from assigning blame for the dogfight incident.

The Palestinian problem should be speedily solved and

peace should be established between Israel and its Arab neighbours to avert such dangers, the statement added.

In Saudi Arabia, King Khalid and leaders of four neighbouring Arab states observed manoeuvres by the Saudi armed forces in the southern province of Abha. The manoeuvres are part of increased Saudi defence activity which has followed the collapse of Iran's armed forces in their country's revolution.

## OTHER OVERSEAS NEWS

## 'Interim role' plan for Muzorewa

BY MICHAEL HOLMAN IN LUSAKA

ZAMBIA would be prepared to support fresh settlement efforts over Rhodesia provided Bishop Abel Muzorewa declares himself as merely an interim Prime Minister preparing for full majority rule under a constitution drawn up at all party talks, an informed official said here yesterday.

Such a declaration would receive diplomatic and other support from Zambia, including assistance in arranging a ceasefire in the country, he said, and it could open the way for an election to the Bishop to address the front-line states.

Giving the most comprehensive indication of Zambian Government policy since Rhodesia's internal elections last April, the official stressed that it was up to the Bishop to grasp an opportunity for peace.

These and other points emerged during a long discussion before Tuesday's Rhodesian talks on targets in and near Lusaka but they were confirmed yesterday. The official's view takes into account post-election developments while maintaining Zambians' stand on the illegality of the new constitution.

The official emphasised that the Rhodesian constitution was unacceptable, saying that the Bishop held "an empty vessel" but that the official believed that in the atmosphere

of confrontation that has built up over the past months, opportunities for a negotiated, internationally acceptable settlement were in danger of being overlooked.

The official went on to say that there was growing pressure from the Soviet Union, Cuba and other traditional backers of Mr. Joshua Nkomo's ZAPU, for greater unity of the Patriotic Front guerrilla movement. If there was no negotiated settlement within the next few months, the official said, he expected a change of military and diplomatic strategy which could well lead to the establishment of a "liberated zone" in Rhodesia which would receive the backing of African and socialist states. This would include Zambia, despite its use of the southern rail route through Rhodesia.

This prospect should not obscure existing opportunities for peace, said the official. President Kaunda, he noted, believed that Rhodesia now had several "centres of power". The internal centres included Bishop Muzorewa, ex-Premier Ian Smith, and the Reverend Ndabaningi Sithole, but their power was waning.

The power of the external centres—the two wings of the patriotic front—was increasing. All wanted to take control, but none were yet in a position to do so. Although Bishop Muzorewa represented only one centre of power, said the

official, at present he alone had the opportunity to initiate changes.

First of all, continued the official, the Bishop has to say, in effect: "I regard myself as merely the head of a transitional administration, and must preside over progress to full independence."

From this point, said the official, there would begin two phases of transition. The first would lead to the all-party conference which would hammer out the agreed constitution. The second phase would be the run-up to a general election under that constitution.

In the first phase, Bishop Muzorewa could be in charge of day-to-day running of the country. Zambia would support an immediate ceasefire in the guerrilla war, and use its good offices to ensure that it was implemented.

Administrative responsibility during the second phase would have to be decided at the conference. If the parties to the dispute could not agree, then an outside party, such as Britain or the United Nations, could step in.

Diplomatic sources here say the proposals need not be at odds with current Western strategy. Britain and the U.S. are attempting to persuade the Bishop to renegotiate the terms of the internal settlement by removing many of the provisions which allow whites considerable power.

## Pay rise for 6m in Australia

Australia's 6m workers were given a 3.2 per cent pay rise yesterday to compensate for cost of living increases in the six months to the end of March.

The increase was awarded by the country's arbitration commission which determines wages every six months after submissions by unions, Governments and employers.

The commission's president, Sir John Moore, said the increase could be the last awarded by the commission because the system of linking wages rises to cost of living increases seemed to be unsatisfactory.

The actions and attitudes of various participants in the system are incompatible with its effective operation.

The increase means that a worker earning the average wage of about \$200 (£110) a week will receive \$206.40 (£115.55) more.

Lule strike continues

Strikes in support of Uganda's dismissed President, Mr. Yusufu Lule, continued for a third day yesterday. AP reports from Kampala, Mr. Yoweri Museveni, the Defence Minister, said in a television broadcast that he would crack down on hooligans, vandals, barricade-builders, taxi drivers who refused to drive and others who threatened shopkeepers and persons going to work. He said shops, privately-owned buses and taxis would be "reallocated on the spot" if owners refused to co-operate. Officials acknowledged that there had been a sharp increase in armed robberies, as part of a crime wave that had followed the replacement of Mr. Lule by President Godfrey Binaisa.

## Attitudes hardening on Vietnam refugees

BY OUR FOREIGN STAFF

A HARDENING of attitude appears to be taking place in all the countries directly involved in the Vietnam refugee issue.

The Malaysian Government yesterday issued a further \$26 "boat people" put to sea, bringing to 56,478 the total number of refugees whom it has driven from its shores.

Vietnam too appears to be becoming, if anything, more obdurate. A radio broadcast from Hanoi accuses Peking and Washington of investing in a multinational company which has been profiting from the refugees.

International action to tackle the problem is beginning to come to a head. Mrs. Margaret Thatcher, the British Prime Minister, raised the question of the "boat people" with her Soviet counterpart, Mr. Alexi Kosygin, in Moscow on Tuesday. The question is also tackled at the Tokyo summit, and at the meeting in Bali today of the Foreign Ministers of the countries most directly affected—the Association of South East Asian Nations which groups Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Diplomats now hope the UN conference on the Vietnamese refugees can be held in mid-July. The conference was suggested by Dr. Kurt Waldheim, UN Secretary-General, and warmly endorsed by Mrs. Thatcher.

The dates being discussed are July 13 or July 21-22, with the conference expected to be held in Geneva. But it has still not been decided at what level the 56 countries involved would be represented. Nor has it been settled if Vietnam will attend.

Vietnam has insisted that any conference should deal solely with the programme which it agreed recently with the UN High Commission on Refugees. This is aimed at ensuring an orderly departure of refugees and involves matching lists of emigrant families. Western observers are extremely sceptical saying the programme would tackle less refugees in one year than are leaving Vietnam each fortnight.

This week, Mr. Mal Van Bo has been visiting Indonesia and Malaysia as a special envoy of the Vietnamese Government. He is reported to have stressed that Hanoi would refuse to

enter into a broad-ranging international discussion.

In Indonesia, he received a frosty reception from Mr. Moektar Kusumadiningrat, Foreign Minister, who, like his ASEAN colleagues, regards with the utmost cynicism all Vietnamese assurances that it will control the outflow.

The influx of refugees to Hong Kong has become a huge practical problem. This year, 58,252 boat people have arrived in the Crown Colony. A further 130,000 immigrants are estimated to have arrived from mainland China.

Elsewhere the issue is more fundamental—that the wave of refugees who are mainly ethnic Chinese has begun to tear at the region's fragile racial fabric.

For Malaysia and Indonesia, which have had to absorb about 80,000 and 31,000 refugees, the fear that these refugees would upset the precarious state of relations between the Malay majorities and the Chinese minorities has been the most acute problem.

In Thailand, the fear is that the Vietnamese might follow in "hot pursuit" after the refugees from Kampuchea.

Apparently, most of the refugees who have been turned away from Malaysia have landed in Indonesia. Yesterday, Sir Murray MacLennan, Governor of Hong Kong, returning from a trip to London, New York, Washington and Geneva, condemned Malaysia's policy as one of "beggar thy neighbour".

He demanded that countries which agree to take refugees should not "reward inhumanity" by accepting a disproportionate number of refugees from those which "sustain the toughest policy".

After the Tokyo Summit, the U.S. and Japanese Foreign Ministers are to join their ASEAN counterparts in Bali.

The ASEAN countries intend to stress the need for a political solution to the problem rather than a counterproductive search for humanitarian succour for the victims.

A key question still unresolved in the preparations for a major international conference under UN auspices is how to balance the need to bring pressure on Vietnam, with those of obtaining specific pledges of places for the refugees

## Iran working balances improve

BY OUR TEHRAN CORRESPONDENT

WORKING CASH balances held at the Central Bank of Iran (CBI) have climbed from a low point of 5bn rials (\$71m) at the time of last February's revolution to a current \$50bn (\$1.51bn), according to Mr. Ali Ardalan, the Minister of Economy and Finance.

These balances are well down on reserves prior to the revolution, when commercial bank deposits with the CBI totalled \$40bn rials.

They illustrate the gravity of Iran's economic position before the final uprising. Then the Central Bank had almost drained itself dry supporting the commercial banks, which were facing a continual run on deposits.

Meanwhile, the new regime continues to maintain an optimistic attitude towards the economy. Mr. Ardalan told the official news agency, Pars, that Iran was not in need of foreign investment and would support

local investors.

According to the daily newspaper Bamdad, the Government will support and, if necessary, subsidise industrial concerns.

However, the other elements in what is said to be a three-point plan now before the Revolutionary Council entail the nationalisation of private industries in serious financial difficulties and those whose capital was gained "illegally".

Reuters adds: Exports of Iranian crude and refined oil products in the second half of the period May 22 to June 20 rose to 3.4m barrels a day from 3.3m in the first half of the period.

Court date for Gandhi

Mr. Indira Gandhi, the former Indian Prime Minister, has been ordered to appear before a special court on July 9, charged with falsely prosecuting Government officials inquiring into her son's, Sanjay, business dealings. Reuters reports from Delhi. Four other people have been ordered to appear on the same charges including Mrs. Gandhi's private secretary, Mr. R. K. Dhawan, the former director of the Central Bureau of Investigation, Mr. D. Sen.

Sweeping changes in China's legal system appear to give an unprecedented degree of protection to individuals while preserving the supremacy of socialist ideology.

New codes of criminal law and judicial procedure are now being examined by the National People's Congress (Parliament) and are expected to be adopted within a few days.

The new criminal law was presented to the Congress by Mr. Peng Zhen, chairman of the National Legal Commission, who said it explicitly protected the democratic rights and property of individuals.

Application of the death penalty would be carefully regulated, said Mr. Peng. It could be imposed for "such crimes as murder, rape, robbery, arson, dyke-breaching and the discharging of

explosives or poisoning that cause serious consequences." "We cannot and should not abolish capital punishment but will use it only when necessary," he said. "However, all death sentences must be approved by the supreme people's court."

"What is more, the criminal law states that a reprieve of two years is given in all capital punishment sentences whose immediate execution is not absolutely necessary. This stipulation is unique to China."

Mr. Peng said the criminal law was aimed at "counter-revolutionaries" and other law violators. It defined a counter-revolutionary offence as an act which attempted to overthrow the political power of the dictatorship of the proletariat and the socialist system.

Although Mr. Peng emphasised that the criminal law would be limited to dealing with "criminal offences," his comments suggested that the law would be given a wide interpretation.

He said that besides protecting people's democratic rights, the criminal law was aimed at maintaining social order, order in production, work, teaching, scientific research and the life of the people.

"Disruption of this order is a violation of the law," he said. "Counter-revolutionaries, enemy agents and other criminals will not be allowed to harm the people or sabotage the cause of socialism."

Procedural changes create a three-tier system of legal administration. The Public Security Department (police) will be responsible for investigation and detention. Procuratorates (similar to communal courts) will approve arrests

and institute prosecutions. People's courts will be responsible for sentencing. No other state organs or persons would have the right to exercise such powers, said Mr. Peng.

Accused people would have the right to defend themselves or to appoint lawyers or advocates, and would be protected by the law against false charges, perjured evidence and coercion.

Mr. Peng warned that confessions by the accused should be viewed with caution, even though it was strictly forbidden to extort confessions by torture and to collect evidence by threat, enticement, deceit and other illegal means.

The new laws and procedures would become effective on January 1, 1980, he said. Cases in progress would be dealt with "in line with the party's consistent policy."

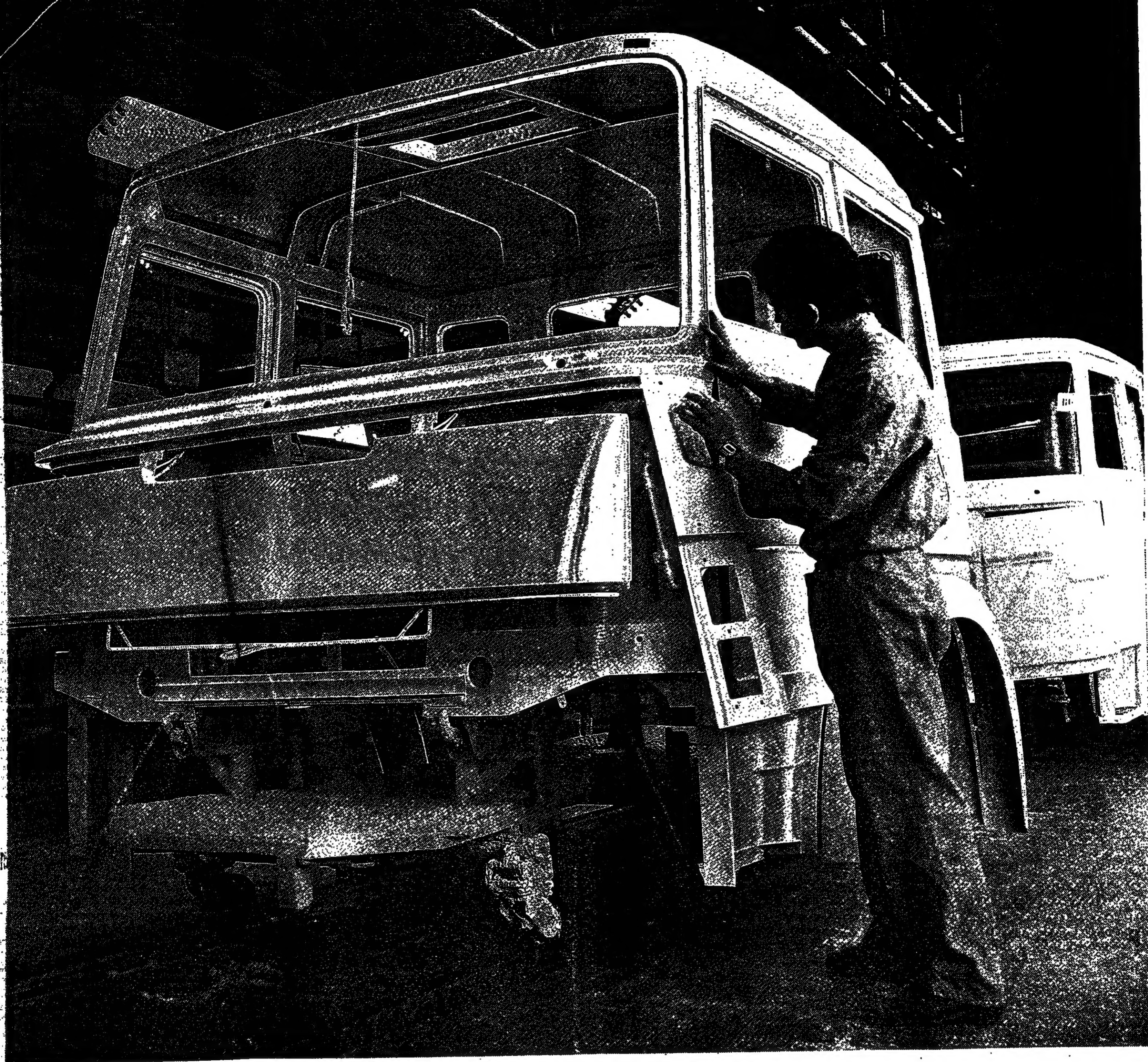
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## AMERICAN NEWS

## Baker leads attack on SALT treaty

BY DAVID BUCHAN IN WASHINGTON

MR. HOWARD BAKER, the Republican leader in the U.S. Senate, said yesterday that he would "work diligently to defeat" the SALT-II nuclear arms treaty, unless the Carter Administration and the Kremlin show themselves willing to accept what he called reasonable amendments to the treaty.

The announcement by Senator Baker, an unannounced candidate in next year's Presidential election, is on face value a most ominous portent for the treaty which requires approval by two-thirds of the Senate, or 67 votes out of 100. Senator Baker leads 41 Republicans in the Senate and his stance will be watched closely by many members of the rival Democrats.

The White House has urged an up or down vote on the treaty, arguing that after more than six years of negotiations the Soviets were most unlikely to accept tampering by the Senate with the final product. Senator Baker said yesterday that his two meetings with President Carter last week showed that the Administration

was unwilling to consider substantive amendments.

The catalyst to the Tennessee senator's opposition announcement yesterday was the flat statement by Mr. Andrei Gromyko, the Soviet Foreign Minister, that Moscow would accept no changes. Describing this as "counter-productive," the Republican leader asserted: "The Senate will work its will without any advice from Russia."

The amendments which Senator Baker has in mind are clearly substantive. He said yesterday that the three major deficiencies in the treaty, as signed this month by U.S. and Soviet leaders in Vienna, were the provision allowing the Soviets to keep their 308 heavy SS-16 missiles and to exclude their backfire bomber from the treaty proper; the dependence on Russian goodwill and faith for the U.S. to monitor and verify the treaty; and ambiguities on the deployment by the U.S. of the new mobile MX missile system.

But Senator Baker's an-

nouncement of opposition to the treaty, as presently written, was not absolute and is still something of a negotiating ploy. He did not expect Mr. Gromyko to eat his words or issue an apology, but to show some openness to likely changes by the Senate. Likewise, he was clearly pressuring the White House to show some flexibility.

The Administration cannot ignore the demands by the Republican leader, whose support on the controversial Panama Canal treaties was the key to their passage.

Saying that he was still anxious to back a SALT treaty which was equal and verifiable, Senator Baker stressed that he had no desire to sabotage the whole SALT process between the two superpowers. If the Senate defeated the treaty, he hoped that both sides would immediately sit down and start again on a new SALT II pact.

Asked what he would do if elected President in 1980, Senator Baker, who has formed a campaign committee but not yet formally launched his can-



Senator Baker

didacy, said he would make SALT his second priority. His first would be to build up a strong U.S. defence.

## British aerospace exports buoyant

By Lynton McLean

BRITAIN'S AEROSPACE exports are expected to exceed \$1.2bn this year, Sir Denis Spotswood, outgoing president of the Society of British Aerospace Companies said in the society's annual report yesterday.

Total exports last year of \$1.17bn were boosted by the record performance of the industry in November, when \$116.3m of products were exported, a rise of \$8.5m on the previous peak export month, September 1977.

Although the figures reflect rising inflation, Sir Denis said there are encouraging signs of expansion in the industry. There is now a steady rise in employment and a significant rise in productivity.

British Aerospace, the state-owned corporation, accounted for 44.8%—over 41 per cent—of total aerospace exports in its first full year of trading, last year.

The corporation's order book in the period rose by \$650m to a total of \$2.3bn, with 69 per cent for export.

Rolls-Royce's RB-211 jet engine was the single largest aerospace export earner. Total orders for the company now stand at \$2bn with \$341m exported last year.

The new president of the society, elected yesterday, is Mr. Basil Blackwell, vice chairman and chief executive of the Westland Group of companies. Sir Denis Spotswood becomes deputy president and Mr. Eric Beverley, commercial director of British Aerospace Dynamics Group is the new vice president.

## UK competes for sugar alcohol plants

By Daniel Nelson in Manila

THREE BRITISH companies are in the running for a turnkey project to construct two distilleries which will inaugurate a Philippine Government drive to reduce petroleum consumption by mixing it with alcohol produced from sugar cane and cassava.

The aim of the "gasohol" policy is for pure alcohol to replace between 15 and 20 per cent of petroleum fuel within 10 years. Government tests have shown that a higher alcohol content requires adaptations to vehicle engines.

Alcohol is more expensive than petrol, but the Philippine Ministry of Energy projects that this position will have switched in three to five years.

The British companies are Tate and Lyle, Hawker Siddeley and Fletcher and Stewart. Together with Intercane Services of Canada and Vogelbusch of Austria they have been invited to submit bids for two distilleries by next month. Each distillery will have a capacity of 120,000 litres a day.

The project will include the cost of providing equipment to develop the 6,000 hectares of sugar cane and 1,000 of cassava needed to supply each distillery. This is based on an estimated yield of 60 tons of cane per hectare, some 50 per cent higher than the current national average.

However, Mr. Ruben Camarung, director of special operations in the Philippine Sugar Commission, is confident that yields can be met by involving a team of extension workers from the outset, and by providing effective irrigation.

Officials admit that agricultural input is the most likely bottleneck in the initial target of replacing 20 per cent of petroleum fuel within three years of the go-ahead for the construction of the first two distilleries. Contracts for further distilleries are expected to follow within two years.

## Egypt withholds payments on proposed DC-10 deal

BY OUR CAIRO CORRESPONDENT

THE EGYPTIAN Government has countermanded plans by Egyptianair to proceed with down payments on four DC-10/30 wide-bodied aircraft the Egyptian national airline has ordered from McDonnell Douglas.

The Egyptian board had intended making a \$5.89m reimbursable down payment as a way of showing it still had faith in the DC-10/30, despite last month's air crash at Chicago and the subsequent grounding of all DC-10s by the American Federal Aviation Authority.

McDonnell Douglas has postponed scheduled payment which was due on June 11, until the end of this month, with interest accrued.

Egyptair officials maintain that they still have faith in the

aircraft, pointing out that no faults have been found in the DC-10/30 model they intend to buy.

They also say that structural (as opposed to maintenance) deficiencies in the DC-10/10 version that crashed have yet to be proved—but are fearful of bureaucratic indecision killing the project.

The issue is particularly sensitive as two former aviation officials are currently about to stand trial on allegations of mismanagement surrounding the purchase of Boeing aircraft in 1974.

"We can't win," said one member of the selection committee. "If we push the deal through we are open to accusations—of accepting back-handers. If we don't we are

accused of being unable to take a decision."

It is unlikely that McDonnell Douglas will call off the deal if the money is not forthcoming by the end of the month and it is likely that the Government will sanction the payment once the FAA lifts its ban.

Finance is not a problem as Citibank has resubmitted a financing proposal shelved when a multipurpose Eurodollar loan was proposed. However, that fell through after the signing of the Egyptian-Israeli peace treaty and Arab banks in the syndicate indicated they were preparing to withdraw.

Citibank has offered to syndicate a Eurodollar loan of up to \$130m at 1.25 per cent above Libor, a quarter point above the package offer.

## New curbs on UK scrap exports

BY ROY HODSON

The strict UK Government controls on the export of iron and steel scrap to countries outside the EEC are to be extended.

The Department of Industry said yesterday that the Government is reviewing the whole future of the scrap controls. But the current arrangements are to be continued, meanwhile, to cover the third-quarter of the year.

The British Scrap Federation is accepting the restrictions with reluctance, and has told the Government that there is a "grave" reservation about the current export limits of 60,000 tonnes a month.

Talks have been held between the Department of Industry, the scrap merchants, the British Steel Corporation and the British Independent Steel Producers Association.

The steelmakers are anxious

that adequate supplies of scrap for their present and anticipated needs should be maintained in Britain. The scrap merchants have argued that there is a case for some relaxation of current export limits, particularly for low-grade scrap.

Of the 60,000 tonnes a month quota for export to third countries only 3,000 tonnes of high grade scrap can be included under the Department of Industry regulations.

The department is prepared to consider applications for licences to export low grade and fragmented scrap from exporters providing evidence of firm orders.

High grade scrap licences will be allocated in proportion to applicants' total exports of all grades of scrap to the EEC and to third countries. There will

be a qualifying minimum performance of 70,000 tonnes of total scrap exports.

When applications for high grade export licences are being considered, traders will be expected to handle quantities of at least 500 tonnes.

Supplies of scrap circulating in Britain at the moment, including those destined for export, are thought to be broadly in balance with demand. But some local supply difficulties are being caused by transport problems.

British Steel has won orders worth more than \$20m to supply pipe and fabricated steel for the new \$300m Texaco/Gulf catalytic cracking unit at Milford Haven, South Wales.

For a BP chemicals unit at Grangemouth, Scotland, and for a fuel oil line to British Steel's Teesside works.

## Pressure on Somoza more acute

By Hugh O'Shaughnessy in San Jose, Costa Rica

STRONG reports continue to circulate in Managua that Gen. Anastasio Somoza's days as president of Nicaragua are numbered, despite his fierce denials. Heavy fighting between the Somoza forces and the opposition Sandinistas continues in many parts of the country in what is fast ceasing to be a guerrilla war and is becoming a conventional war.

An urgent meeting of the 19-man Legislative Assembly in Nicaragua has been convened for tomorrow in the Intercontinental Hotel near the general's bunker in the centre of the capital and reports suggest that great pressure will be put on him by some of his supporters and some senior members of his National Guard to designate a successor. Every effort is being made to get as many members as possible of the Legislature together despite the continued fighting. Sixty members of the assembly are from Somoza's own National Liberal Party, the rest being opposition Conservatives.

Among those who have been mentioned as possible successors willing to have peace talks with the anti-Somoza provisional government of reconstruction based here are Senator Julio Quintana, Somoza's Foreign Minister, Sr. Guillermo Sevilla Sacasa, the Ambassador in Washington, and Sr. Luis Adalberto Delgado, a close relative of Somoza's and editor of the government newspaper, Novedades.

None of these figures is likely to prove acceptable to the anti-Somoza forces who see little profit in compromising with any pro-Somoza politicians when military victory seems to be in their grasp.

With many major towns in Sandinista hands and battles raging for control of Managua itself the military balance is steadily tipping against Somoza. Nevertheless, his army, the National Guard, well-equipped with U.S. and Israeli weapons and aircraft, is stubbornly resisting the Sandinista push northwards towards Rivas where the anti-Somoza forces hope soon to install their provisional government.

Three members of the 5-person provisional government left here yesterday for Panama for 24 hours where they are formally to be received by President Aristides Royo.

## Oil companies fight tax changes

BY DAVID LASCELLES

THE U.S. OIL companies, already smarting under proposals to relieve U.S. profits from oil price decontrol, are also fighting proposed changes in the foreign tax credit system.

In Congressional testimony this week, Mr. Jack Bennett, a director of Exxon, speaking on behalf of the oil industry, said that the changes would cut the oil companies' ability to search for oil abroad and would be contrary to the Administration's intent to encourage oil development "anywhere in the world."

Earlier this month, the Administration said it wanted to close what it termed "loopholes" in the tax credit system, which enable oil companies operating outside the U.S. to escape an estimated \$0.5bn worth of U.S. tax a year.

The tax credit system was devised to relieve U.S. companies of double taxation when they operate in other countries. Under its provisions, they can claim a dollar credit against their U.S. tax for every dollar that they pay in tax abroad.

The trouble is that the U.S. authorities have accepted that royalties can be counted as taxation, while strictly they are just another cost of doing business. Oil companies have also been able to claim some of their foreign exploration and production

losses against U.S. tax. These and other practices have angered those who feel that the oil companies have gained an unfair advantage at the U.S. taxpayers' expense.

The trade unions also argue that these tax breaks have enabled U.S. oil companies to channel investment abroad, thus reducing employment at home.

However, Mr. Bennett told the

House Ways and Means Committee that the credit was essential to the international competitive viability of all American companies. Some of the details of the proposed changes would amount to "punitive" revenue-raising measures. If the changes go through, he said, U.S. oil companies might have to reconsider some of their foreign exploration activities.

## Gasohol to be marketed

BY OUR NEW YORK STAFF

THE U.S. Energy Department yesterday took a novel, but tiny step towards easing the petrol shortage when it authorised Standard Indiana (Amoco), the second largest petrol marketer in the country, to start selling gasohol in 12 mid-Western states.

Gasohol is a mixture of 80 per cent petrol and 10 per cent alcohol. It is slightly cheaper than regular petrol but achieves a slightly lower mileage. Several small companies have begun selling it over recent months, but only in small quantities. Amoco will sell 1m gallons a month.

Gasohol does not, however, hold the answer to the U.S. petrol shortage, contrary to popu-

lar hopes. Economists have estimated that even if the U.S.'s entire corn, grain, potato and other alcohol-yielding crops were given over to gasohol production, it would increase total U.S. petrol supplies by no more than 10 per cent.

Reuter adds from Washington: The House of Representatives has approved legislation to begin large-scale production of synthetic fuel in five years' time. The Bill, passed by 364 votes to 25, would give President Carter authority to promote synthetic fuel production from coal, shale rock and other materials and sets a national domestic daily production goal of 500,000 barrels of synthetic fuel by 1984 and 3m barrels a day by 1990.

Tourist operators in Canada, who count on a steady influx of U.S. visitors in the summer are complaining that they will stay at home in the belief that Canada is as short of oil as the U.S.

Mr. Thomas Fletcher, Assistant Deputy Minister for Tourism, said his department had already spent about 4m (\$1.6m) in U.S. advertising out of a \$C 6m budget.

The authorities say that civil servants punished for corruption rather than on political grounds will not be entitled to request re-admission.

The Brazilian political opposition, church and lawyers associations have cautiously welcomed the new president's fulfilment of his promise to grant widespread amnesty. However, many maintain that "terrorists" should not have been excluded since the definition of terrorism is arbitrary and may have been applied unjustly.

## Iraq threatens embargo on Canada

BAGHDAD — Iraq has warned

that it will halt crude oil exports to Canada in the event of the Canadian embassy being moved from Tel Aviv to Jerusalem, the Government-controlled weekly magazine Alef Baa reported yesterday. "The Iraqi Government has decided to treat Canada and Israel on an equal footing if the Ottawa Government made good its intention to move its embassy to Jerusalem," the magazine said. "Indirect

flow of oil into Canada also will be prohibited."

Countries importing Iraqi crude and then re-exporting it to Canada in refined forms would be told to discontinue this.

Victor Mackie adds from Ottawa: Canadian Government tourism officials said yesterday that they cannot afford to buy additional advertising in the U.S., telling American tourists there is plenty of petrol in

## Brazilian amnesty announced

BY DIANA SMITH IN RIO DE JANEIRO

PRESIDENT Joao Figueiredo has signed a draft parliamentary Bill that will grant amnesty to over 4,500 Brazilian citizens punished for alleged political offences between 1964 and 1978.

Punishes, under measures imposed after the military took power in 1964, ranged from suspension of political rights for 10 years to dismissal or compulsory retirement from the armed forces or civil service, suspension from Congress and banishment.

About 150 people have been

excluded from the proposals. According to the Justice Ministry, they are alleged to have committed acts of terrorism. The majority of those who will benefit from amnesty are former civil servants (about 2,000) and former members of the armed forces (about 1,500).

The proposal gives them the right to request re-admission to their services if vacancies exist or to receive adjusted pensions. It also provides for financial compensation.

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David Lascelles reports on American independent oil producers, the individuals who take the risks

## Texan oil prospectors sift the sands of history

BOB GUNN stood beside the clamorous oil rig on the flat Texas plain and put a handful of crushed grey rock to his nose. He sniffed at it thoughtfully, "that's oil-bearing," he said, which was just as well. That rock came from thousands of feet down a well financed by a large chunk of his own money, and drilled on a lease he had mortgaged most of his assets to buy.

Mr. Gunn is not everyone's idea of a Texas oilman. He is a quiet, almost studious type, with a shaven head and a shy smile. He drives a battered sedan car, and studies his geological charts to the strains of Mozart. He also owns a private plane, but is embarrassed about it because it looks extravagant.

Actually, Mr. Gunn, 54, is a leading figure among independent oil producers and one of their champions in the current energy debate in Washington. But more to the point, he drills more wells in Texas each year than Exxon and the other giants. He likes to emphasise that independents like himself account for nine out of 10 wells drilled in the U.S. and have found more than half the country's current reserves of oil

and gas.

"The independent oil producer is about the most efficient there is," he says, speaking in part for the 22,000-member American Petroleum Association of Petroleum Geologists, of which he is president.

Mr. Gunn operates out of Wichita Falls, the north Texas town which is the centre of the independent oil industry. A few miles north, close to the Oklahoma border, early oilmen made the country's first strikes only a few hundred feet below the ground. The shallowness of wells in the region is why the independents survive. In other states, like Louisiana, oil lies at such enormous depths that only the big companies can finance drilling.

The independents have traditionally been a tough, gambling breed. They stake out likely prospects, haggle over drilling rights with the landowners, and then set up their rigs in the hope of striking it rich. Usually they invite in other investors; the region is full of people who own stakes in wells big and small. In the past, finds could be enormous. Wichita Falls abounds with stories of men who amassed

fortunes and left for a life of ease in California. But today most of the big wells have been found, so the independent has to be canner, readier to take risks in unknown areas, and trained in the mysteries of oil geology.

Mr. Gunn fits that mould. A trained petroleum geologist, he spent five years with Texaco before setting up on his own. For some years, his fortunes were mixed. Then 10 years ago, he homed in on a tract of land about 100 miles west of Wichita Falls, convinced against the odds that a sizeable oilfield lay below it. But the financial risks were enormous. Phillips and Shell had drilled 65 wells there without finding anything worthwhile and the owner of the land, a female descendant of one of the region's early ranchers, was a tough negotiator.

She demanded that he put up \$100,000 in earnest money, assign her a quarter of the mineral rights (against the usual eighth) and make \$3m in bonus or lease payments. Although these terms were unusually stiff, Mr. Gunn was sure enough of the prospect to agree. But it was only 48 hours before

the deadline that he managed to put all the money together, and then only after he mortgaged himself up to the hilt, and found the rest of the money through a chance encounter in a bar.

Ten years later, he does not regret it at all. He has spent \$40m, drilled 200 wells on the property, and achieved a peak production of over 10,000 barrels a day. One of the best wells cost only \$40,000 to drill but has already produced over \$3m worth of oil.

"How is it that a pipsqueak like me can find oil when the big oil companies cannot?" he asks, and answered: "Because individuals take more risks, and because their costs are lower."

Mr. Gunn calls his success ratio (the drillers' key index, denoting the ratio of dry to productive wells drilled) "dreadful." It is about 15 or 20 to one against the oil majors' 10 to one.

But he finds oil in the high risk areas, opens up new fields and gets the high returns. Apart from his interests in Texas, he has fields as far apart as Idaho, Louisiana, Canada and Mexico.

Mr. Gunn finds his best wells by locking himself away in his

sound-proofed, map-crammed study, putting on a Mozart opera record and turning his mind to what he calls "environmental reconstruction." This is the art of absorbing all the geological data and thinking oneself back millions of years to the time when the strata were formed.

"I try to imagine exactly what was going on," he says. "To see if it was right for oil."

In manpower terms, Mr. Gunn's outfit is typical of the country's thousands of independents. He has one full-time and one part-time geologist, two secretaries and a bookkeeper. All his other work is contracted out to engineers, drillers and producers. He sells his oil direct to a pipeline company which transmits it to the big production centres. On average, he drills about 80 wells a year at a cost of \$100,000 each.

Plainly, Mr. Gunn has the makings of a wealthy man. A colleague commented: "He's got it made. He could pull out tomorrow. So why doesn't he?"

"You could say I'm a psychopath loser. I love the excitement of it. I want to plough money back into it," Mr. Gunn claims that he simply

takes out enough money to live on, and spends the rest on new wells. Last year he re-invested 14 times more than he earned.

Mr. Gunn's only complaint is about the level of Government taxation. The oil business, he claims, has steadily lost all its tax advantages, and now that oil prices are finally being freed under President Carter's de-control programme, he will have to pay a "windfall profits" tax.

His accountant has sent a report to Congress showing that Mr. Gunn's exploration and production was cut back by nearly 25 per cent last year because of the higher tax bite, and that the windfall tax would cut it back even further.

Mr. Carter's present policy, the oilman claims, will only result in lower reserves and higher prices. "And who pays? Mr. John Q. Public. This business needs the incentive to go out and find more oil."

Like most geologists, Mr. Gunn does not believe that oil and gas are short, only rare means to get it out. He thinks U.S. exploration should be doubled to maximise the potential. Much future work, he con-



Bob Gunn, plotting the course of his next well.

cedes will have to be done by the giant companies because of the shift towards remote areas like Alaska and to offshore drilling. But even there, he sees scope for people like himself.

His latest plan is to form a consortium of independents to

prospect in Alaska, which he believes will yield over half the future oil supplies in the U.S.

"Give 100-geologists the same data, and they will come up with 100 different interpretations. Individuality is essential to this game," he says.



# New cars 'to save 10% on petrol'

KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

OR MANUFACTURERS given the Government a study undertaken that they will reduce the petrol consumption of cars by 10 per cent.

A joint working party drawn from motor and oil industries and the Government had ruled out a mandatory scheme.

Given current limitations on the availability of management, engineering and financial resources, it would be in the interest neither of the companies nor of the nation to set a short-term target which would require resources to be concentrated on this single objective to the exclusion of others which, in their judgment, might merit higher priority.

Fuel consumption measuring methods were not up to the standard required for a mandatory scheme, but they could only be changed by the Economic Commission for Europe, the working party added.

The society pointed out that the voluntary undertaking should be seen in the light of the 10 per cent improvement in fuel consumption since 1974. The target took into account the more stringent emission standards to be introduced throughout Europe in the early 1980s, which would impose a 3 to 5 per cent petrol consumption penalty.

The industry also took the view that the 1985 objective was only the first step. In order to encourage the development of new technologies, higher targets would be set for the 1990s.

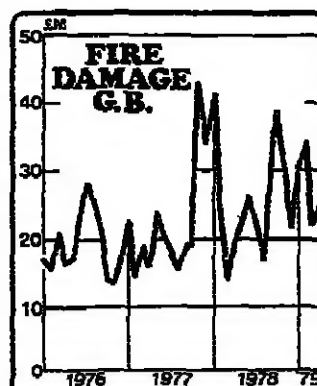
Discussions aimed at bringing car importers into the voluntary scheme have made limited headway, because some importers want to wait till it receives EEC approval.

The manufacturers hope to work out a scheme for commercial vehicles. The main obstacles to such a scheme are the complexity of model types and the fact that there is no method of officially monitoring their fuel consumption.

Progress towards the consumption target for cars will be monitored annually by the society and the Department of Energy, starting this October.

## WHERE ECONOMIES IN FUEL CONSUMPTION ARE EXPECTED

Controlled cooling fans	%
Engine:	
— raised compression ratio	0.3
— improved tuning	0.2
— other modifications, including lubricants	0.3
Tires (steel belted radial ply) and improved suspension accuracy	0.2
Reduced aerodynamic drag	0.3
Reduced weight	0.3



## May fire damage rises to £24.6m

BY ERIC SHORT

LAST MONTH'S fire at the Manchester store of F. W. Woolworth, in which 10 people died, caused £23m damage, according to figures issued yesterday by the British Insurance Association.

The fire at the conference centre in Birmingham's Bull Ring, which destroyed the Mayfair Suite and ballroom, caused over £4m damage.

Total

These two blazes, together with one at a manufacturers' storage block in Halifax costing nearly £2m, were the main reasons for total fire damage costs in May of £24.6m. This was 11 per cent higher than in April, and over £2m higher than in May last year. Fire damage in the first five months of this year, at £134m, is 11 per cent higher than in the corresponding period of 1978.

There were six further fires last month, where damage exceeded £250,000, and a total of 82 fires costing more than £35,000 each, including 37 at places used by the public.

## Minister visits shipyards

MR. ADAM BUTLER, Minister of State at the Department of Industry with special responsibility for shipbuilding, yesterday began a three day fact-finding visit to Merseyside and to the North-East before the Government decides on the future of the shipbuilding industry.

# Supermarkets capture more grocery trade

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE INCREASING dominance of the leading supermarket multiples in the grocery trade has been shown by new figures published yesterday by the Nielsen market research company.

They show that for the first time, the six leading multiples attracted more spending than the rest of the small, independent grocery trade put together. The six top multiples—Tesco, J. Sainsbury, Asda, Allied Suppliers, Fine Fare, and International Stores—increased sales by almost a fifth last year to capture some 38.6 per cent of the grocery trade worth £11.3bn a year. The more numerous independent grocers could only boost sales by 5.7 per cent and saw their market share fall to around a third of the total.

## Maintained

The co-operative retail stores increased sales by just over 10 per cent to maintain their market share at 13.5 per cent. Nielsen points out that the increased concentration in buying power is shown by the fact that three quarters of sales in 1978 came from 344 stores, while in 1978 some 78 per cent was controlled through 297 key retailers.

## More wine and spirit trade mergers forecast

BY COLLEEN TOOMEY

MERGERS AND takeovers among wine and spirit merchants will continue as supermarkets and other large store groups pursue increasing competition, a report on 60 leading British companies claimed yesterday.

Companies have had to trim prices to compete with supermarkets and chain stores. They have had some success, but there have been casualties and many mergers in the past three years. Despite this trend, sales by the companies under review rose 24 per cent, with profits rising 50 per cent, in the three years, 1975-78, with much, fast growth in the second half.

Only four companies raised turnover by more than an average 25 per cent a year and 17 recorded gains of less than 10 per cent, the report, by Inter Company Comparisons, said. Profit margins rose a full point to an average 4 per cent in the final year.

Wine and spirit merchants claimed that scope for further growth lay in wine, where consumption is well below Continental levels.

The Report on Wine and Spirit Merchants, ICC Business Review, 81 City Road, London EC1Y 1BD, £44.

## Gatwick starts work to handle more large airliners

FINANCIAL TIMES REPORTER

K STARTED yesterday on the first phase in the expansion of London's Gatwick Airport with preparation of new runways for handling more large aircraft.

The work is part of a plan to increase passenger capacity at the airport by more than half to 1985.

British Airports Authority announced the expansion of the airport a week after it was reported that a second runway would be no second at Gatwick.

The "legally binding" agreement to West Sussex County Council about the runway though it had already ruled out in the Government's White Paper on airport expansion in February last year.

The authority's move was needed to ease the way for a second terminal to raise passenger capacity. The idea was rejected by the White Paper but was vigorously opposed by the county which last week said it was "wholly unacceptable".

Expansion of the airport will be initially finished by March, the full capacity to handle more large airliners ready by 1985.

The first phase in the Gatwick expansion programme, to lift capacity to 16m passengers a year, was completed last year after a £100m investment. The airport handled 8m passengers last year, but the new capacity is expected to be reached by the mid-1980s if air traffic growth patterns are maintained.

British Caledonian Airways has applied to open new transatlantic routes linking Gatwick with St. Louis, Missouri, and Denver, Colorado, using DC-10 aircraft. Evidence backing the application was heard in public before the Civil Aviation Authority yesterday. Witnesses included a team from the City of St. Louis.

If accepted, there will be four flights a week to St. Louis from April, 1981, and two flights a week to Denver by 1983. A further application for the airline to fly direct to New Orleans is expected to be heard later.

Nigeria yesterday lifted its ban on DC-10 flights within its airspace. The first British Caledonian DC-10 service to Lagos is expected to leave Gatwick today.

But the U.S. Federal Aviation Authority is continuing to withhold the aircraft's certificate of airworthiness, and there have been no DC-10 flights to the U.S. since June 6.

## Directors in job-changing 'epidemic'

Financial Times Reporter

"UNHEALTHY job-swapping" has become an epidemic among UK directors, say the compilers of the 1979 edition of The Directory of Directors.

Thomas Skinner Directories say in a foreword that the rate of change among leading UK executives accelerated steadily over the years, but more recently has become greater than ever. More than a quarter of the new directory's listings have been altered and 4,000 new directors have been added.

One theory advanced by the directory is that the present generation of directors includes many who regard themselves as professionals, for whom each new appointment is a stepping stone to the next.

Another reason put forward for the prolific job-swapping among directors is that political interference has curtailed the "rewards for success," creating an epidemic which cannot be in the best long term interests of either the companies concerned or the country.

The directory lists nearly 45,000 members of the boards of the principal public and private companies in the UK with paid-up capital of at least £50,000.

Directory of Directors, £18, from Thomas Skinner Directories, Windsor Court, East Grinstead House, East Grinstead.

## Strategic arms curb 'must embrace Europe'

BY LYNTON McLAIR

FUTURE STRATEGIC arms limitation talks should take more direct account of the security of Europe, Mr. Ronald Pretty, editor of Jane's Weapon Systems, says in the latest edition published today.

Europe already faces the equivalent of "another Cuba," he said. The U.S. confronted the USSR in 1962 over strategic missiles placed on the island.

Now the Soviet Union has placed the SS-20 intermediate range ballistic missile facing Europe. Half the 100 deployed so far faced European cities and half faced China. Yet Europe had no system to combat the new threat, he warned.

The Soviet Union had also developed the new SS-23 missile with a range of 500 miles although U.S. cruise missiles had been restricted to less than 400 miles range by the SALT 2 treaty.

However, Jane's lists anti-tank systems which may put the West ahead of the USSR in tactical warfare.

The U.S. Air Force wide area munitions project (WAM) includes the Cyclops parachute system of guided missiles. Cyclops are dropped from attacking aircraft to carry out a circular search for tanks as each unit drifts on a parachute. After locking on a target, a missile is launched automatically.

Other NATO programmes include the anti-tank European missile, (ATEM) involving British, French and German companies.

Jane's Weapon Systems 1979-80, edited by R. T. Pretty, CBE, Paulton House, 8 Shepherdess Walk, London N1 7LW.

## Rothmans' cheaper king-size

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE BATTLE for a share of the fast-growing king size cigarette market intensified yesterday as Carreras Rothmans launched what it claims is the lowest priced King Size cigarette on the market.

Rothmans is bringing to the UK market its Craven A king size brand, one of its biggest selling export brands. Craven

A will be on sale by the end of this month at 59p, at least 2p lower than other king size brands on the market.

The king size sector of the cigarette market has grown from 10 per cent to almost 60 per cent within a few years as a result of a change in the method of duty payable under EEC regulations.

## Vickers Medical to make baby life-support device

BY OUR SCIENCE EDITOR

VICKERS MEDICAL is making a bid for a significant share of the world market for support systems for sick babies.

The company is a market pioneer in Britain — mainly through its work at the University College Hospital, London, and the Radcliffe Hospital, Oxford — but it is dominated commercially by U.S. and West German firms.

Robert Brech, Vickers Medical managing director, said the company was "currently struggling heavily" in such areas as the cornerstones of its medical engineering activities.

The new system, known as 130 Neovent, provides a life support for babies from birth to about three years of age. The complete system costs at £2,150 — a price which, says Vickers, compares with around £3,000 for those of its main competitors.

Extensive clinical trials of the system have already begun at four or five big hospitals with departments specialising in care of the newborn.

The Neovent will provide total life support for an infant that is too sick to breathe itself, but also has the adaptability to wear the infant off automatic respiration as its own capability improves. Vickers has also taken care to simplify control of the system so as to avoid the need for nurses to calculate machine settings.

The company has tooled up for an initial production run of 200 systems, in batches of 10. The U.S. says Mr. Peter Watts, marketing development manager, is believed to be a particularly promising market.

INTRACTS

## Cable and Wireless wins Saudi Arabia telex deal

A sub-contract worth about £1m for the provision of technical services to help in the management, maintenance and operation of the telex network in Saudi Arabia has been awarded to CABLE AND WIRELESS by the Saudi Arabian company responsible for the work.

EN LAING CONSTRUCTION won two contracts, together worth £1.6m, to build 72 old people's flats at York Gardens, and to modernise 200 new homes in urban and rural areas for Carlisle District Council.

Yopants has awarded a £90,000 contract to BALFOUR BEATTY CONSTRUCTION, a C.C. company, for the building of a civil engineering works of nitrogen compression plant at Grangeview, Middlesbrough.

£535,000 computer system made by INTERNATIONAL COMPUTERS has been ordered by Jardine, Matheson and company, the Hong Kong-based international trading, manufacturing and service organisation.

Thorn TV Rentals, the group that operates Radio Rentals, Multibrooks and DER, has purchased 14 SPERRY UNIVAC 777 microcomputers in a deal worth almost £500,000 to form the basis of a new accounting system serving Thorn's local accounts offices.

The Information Room at New Scotland Yard is to be equipped with a voice communications switching system to be supplied by IAL, in contract worth

more than £1m. The micro-processor-based system will provide flexible communications to officers controlling emergency services, allowing more than 80 operators access to more than 120 radio/telephone channels.

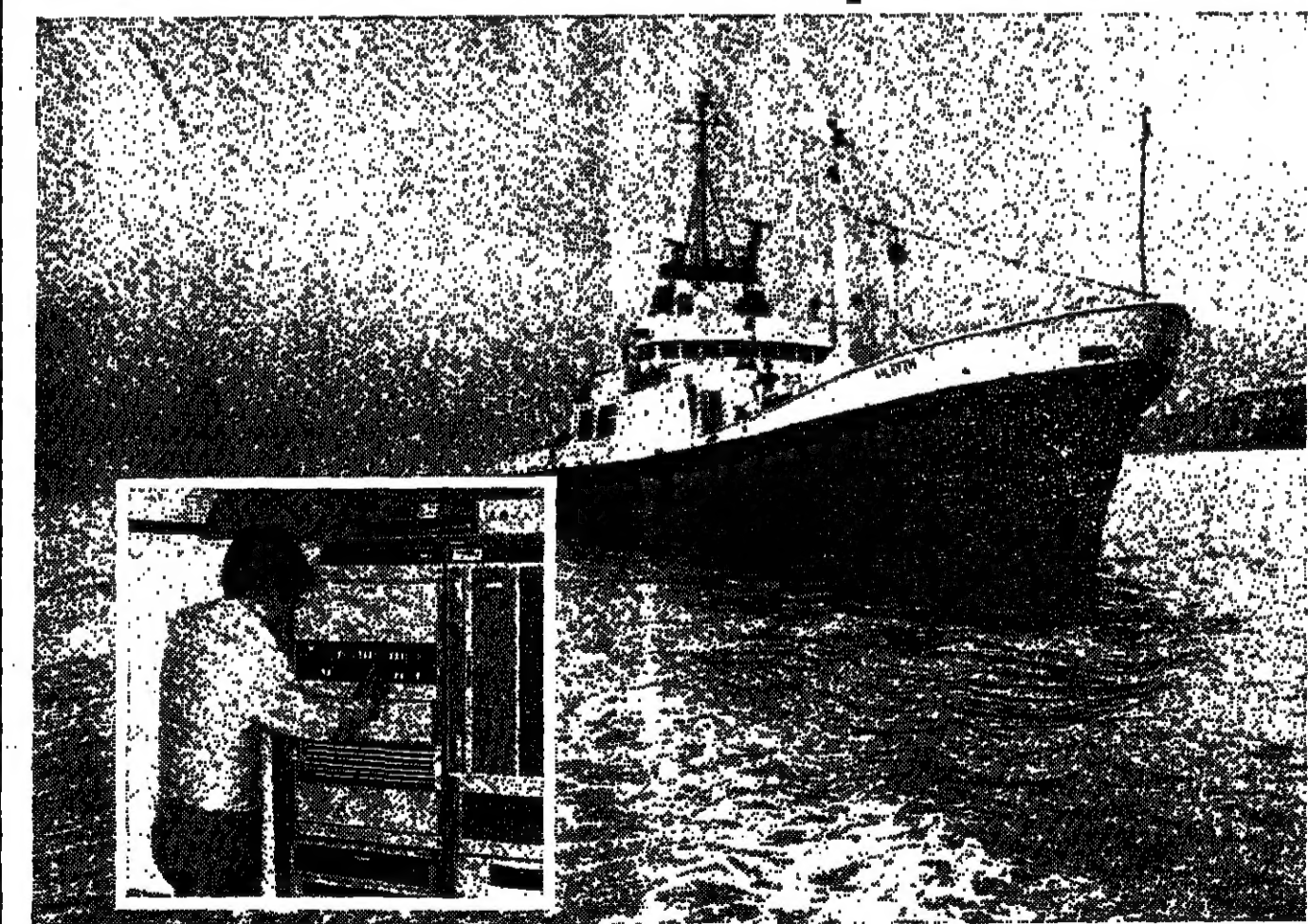
METAY ENGINEERING COMPANY has been awarded a £450,000 contract for the supply and erection of three stainless steel lined storage silos at the Workington factory of Thames Board Mills, where an £83m expansion is taking place to treble output of Duplex packaging board.

VANTRUNK LION (PTE), the newly formed BICC joint-venture company, has received a £81.4m (£300,000) from Total Indonesia for specially designed cable ladders for Balikpapan, Indonesia.

Export orders worth more than £230,000 were won during May by VICKERS MEDICAL at Basingstoke. They include incubators, ventilators, phototherapy units, resuscitation equipment, neonatal pumps for administration of infusion fluids, a dual-channel biochemical analyser and a hyperbaric system.

An order worth more than £100,000 for 25 oil and gas burners has been won by PEABODY HOLMES. The contract has been placed by the Peabody agent in Hamburg, Mehlau and Steinfaß. The burners will be fitted to eight boilers manufactured by Borsig GmbH, of West Berlin, for an application in Libya.

# Hewlett-Packard computer advances deliver results.



"The HP 1000 has proved very reliable even under the most arduous conditions in the North Sea. It has enabled us to offer Clients a completely integrated data processing system which adapts to their present and future marine survey needs."

Bob Dunlop, Head of the Marine Computer Division of Hunting Surveys Ltd.

The laying of oil pipelines over hundreds of miles of ocean floor is a complex and sometimes hazardous task requiring considerable site investigation and survey before pipe laying begins.

The Marine Division of Hunting Surveys Ltd. specialises in providing such services. They use Hewlett-Packard 1000 computer systems installed on board the specially converted stern trawler MV 'Kilysith' and other ships. The HP 1000 is capable of withstanding the severe conditions imposed at sea, without any modification to the design, or loss of reliability in its performance. It forms a fully automated data acquisition, processing and plotting system for hydrographic and general positioning work as well as detailed marine and bathymetric surveys.

The system can relay hard copy maps immediately to the Client. Previous methods of compiling charts on shore from instrumentation records could sometimes take several months. The system will also produce a chart showing

actual position of the pipe on the seabed, survey the route ahead and carry out intensive surveys of problem areas where pipe deviations might be necessary.

The Hewlett-Packard range of computers and peripherals goes from desk-top models through mini-computers to powerful multi-terminal, data base and distributed systems — bringing effective computing power to many different levels of need. They share a world-wide support operation with the Hewlett-Packard range of measuring instruments, a number of which are manufactured at South Queensferry in Scotland.

HEWLETT  PACKARD

Wimshurst, Wokingham, Berks RG11 5AR. Tel: Wokingham 784774.

## Hewlett-Packard wants to be your computer partner.

The world-wide Hewlett-Packard Corporation achieved almost £1000 million in sales in 1978 — over 40% of this business was in data products.

To achieve this position, HP has brought to its computer systems the same high quality of manufacture, reliability, and support services that customers have come to expect from HP's other product lines: electronic measuring instruments; medical electronic instruments; analytical instruments for chemistry; selected semiconductor components; and personal calculators.

## Hewlett-Packard in Great Britain.

Hewlett-Packard Ltd is a major British company — currently 602nd in 'The Times' 1000 list, with a turnover exceeding £50 million. HP Ltd employs over 1300 people — half in manufacturing and half in sales and customer support.

## A working partnership.

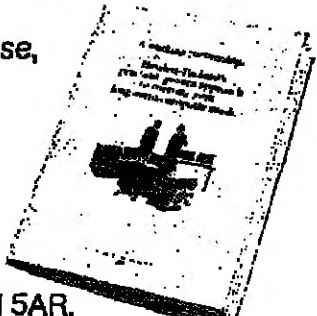
A working partnership with customers is Hewlett-Packard's approach to business, from the definition and fulfilment of computation needs to providing first rate after-sales service. HP has invested heavily to support systems sales with nine UK customer support centres, and a further two to be added this year. As well as extensive on-site training programmes in customers' premises, HP runs two major training centres of its own — at Manchester and Wimshurst, near Reading.

## Leasing.

Many companies are aware of the benefits of leasing. Hewlett-Packard has developed leasing and financing plans to help customers who prefer this method of acquiring advanced systems and other equipment.

## A working partnership with HP.

HP is dedicated to excellence in all aspects of business. This informative management booklet summarises the expertise, resources, support and computer products we bring to customers. For a free copy, write to: Ken Peck, Hewlett-Packard Ltd, Wimshurst, Wokingham, Berks RG11 5AR.





## UK NEWS

# Bad winter costs insurers £110m

BY ERIC SHORT

SEVERE WEATHER last winter cost insurance companies at least £90m in property claims and £20m to £25m on motor claims.

These estimated figures were given yesterday by Mr. Ron Peet, outgoing chairman of the British Insurance Association, at the organisation's annual meeting.

Giving the 1978 results of British insurance companies, he pointed out that these property claims included both UK domestic and commercial figures for the first quarter of this year. They were 50 per cent above the £60m costs in the first quarter of 1978, when weather was also severe.

The companies continued to lose on UK motor insurance. Losses amounted to £22.5m, against £20.5m in 1977. This was the worst figure since 1971, when the removal of mutually agreed insurance tariffs resulted in unbridled rate-cutting.

Premium income has been growing steadily. Last year's loss was 2.1 per cent of premiums, compared with 2.3 per cent in 1977. Motor premium rates rose

during the year to cover a 14 per cent rise in claims and claim costs.

Motor business improved in the U.S. showing an underwriting profit of £1.3m. This compared with a £1.1m loss in 1977. The success story for British insurance last year was the tremendous improvement in property claims.

With a world-wide motor loss of £33.4m against £28.7m in 1977.

U.S. business. Companies made a total underwriting profit of £21m, compared with a profit of slightly less than £1m in the previous year. Most of the profits came from fire and accident insurance, jumping from £500,000 to £19.6m.

Operations in the UK also showed an overall improvement, in spite of the poor motor account. Fire and accident business made a £2.5m underwriting profit, compared with a loss of £5m in 1977.

While world-wide business deteriorated, British insurance companies cut underwriting losses by nearly 40 per cent from £50.4m in 1977 to £31.3m. Premium income on fire, accident and motor insurance rose

by 7.5 per cent. The underwriting loss, expressed as a percentage of premiums, fell from 0.9 per cent to 0.5 per cent.

Mr. Peet said this reduction was a modest success. The industry could not be satisfied with an underwriting loss.

Investment income on general insurance funds rose by £125m to £818m. This resulted in a net surplus of £795m against £841m in 1977. There was an increase of 8.5 per cent in general insurance funds, which stood at £11.8bn at the end of the year.

The UK was holding its own as a major force in international insurance, claimed Mr. Peet. It was writing about 10 per cent of the world's general insurance business and had generated an estimated £1bn last year in overseas earnings. He admitted that overcapacity in world-wide insurance markets, together with the strength of sterling, could cut that figure this year.

The new chairman of the BIA is Mr. Geoffrey Bowler, chief general manager of Sun Alliance Insurance.

# Times Newspapers 'not for sale' says Lord Thomson

BY TIM DICKSON

LORD THOMSON OF FLEET, Canadian chairman of the International Thomson Organisation, said yesterday that Times Newspapers was not for sale.

Lord Thomson appealed for a new spirit of reconciliation among those involved in the dispute, which has closed The Times and the Sunday Times since last November.

"There is a need for both sides to come together to create a new atmosphere, to heal wounds," he said. "This time we must get it right."

Lord Thomson, who was addressing shareholders in London at the annual meeting of the organisation, said he hoped his words would "evoke a response in the hearts and minds of those with whom we are negotiating."

Outside the meeting, he and his fellow directors faced pickets from the National Union of Journalists and the National Graphical Association. Shareholders were given leaflets urging them to break the deadlock in negotiations over the introduction of new technology.

During the two-hour meeting, which was attended by some Times Newspapers employees, shareholders gave the board a rough ride. One shareholder referred to "the drastic disappearance of The Times". Lord Thomson made it clear that the decision to suspend

# Nuclear power plant approved

MR. DAVID HOWELL, Energy Secretary, yesterday announced financial approval to the Central Electricity Generating Board to build the 1300 MW Heysham B advanced gas-cooled reactor power station, to cost about £900m (at March 1979 prices).

Construction is planned to begin next

year, and the first unit of the station is to be commissioned in 1986. Heysham B will be the second nuclear station on the site, south of Morecambe, Lancashire. The first—Heysham A, also an AGR station—will be completed in 1982. Approval in principle for Heysham B was given to the CEBG in January last year.

# Urge for progress takes priority over economies

BY JOHN LLOYD

THE ANNOUNCEMENT yesterday by Mr. David Howell, the Energy Secretary, that financial approval had been given to the Central Electricity Generating Board to proceed with building Heysham B advanced gas-cooled reactor station comes as a relief to the CEBG, while quickening the pulses of the power plant industry.

The CEBG appeared genuinely concerned that the long-delayed decision might be further delayed by the Government's looking hard for spending cuts.

The cost of the station, £900m at March 1979 prices, is such that it looked an attractive branch to top; but the Prime Minister made clear, both on her return from France two weeks ago and in the Commons on Tuesday, that she was a nuclear enthusiast, a view which appears to be shared by her Energy Secretary and his Ministers.

Construction on Heysham B is planned for next year, and its first unit is (optimistically) targeted for commissioning in 1986.

The advanced gas-cooled reactor to be built at Torness, south of Edinburgh, by the South of Scotland Electricity Board will follow roughly the same timetable, though it received approval for the £750m investment last year; that figure is without initial fuel costs, and at March 1978 prices.

Some 12 to 13 per cent of Britain's electricity is generated by nuclear power; this will rise to something nearer 20 per cent by 1982 when Heysham A, Hartlepool and Dungeness should have come on stream.

And that—once Heysham B

and Torness are commissioned in the late 1980s—is where the forward nuclear programme rests, as considerations of further AGR orders, or an order for a pressurised water reactor continue to be argued in Government and the industry.

More immediately, the knotty question of which companies in the power plant industry get which orders must be addressed, and the signs from the CEBG are that it will be soon. In this matter, the CEBG is anxious to work in harness with the Scottish Board, since both have an interest in getting standardised AGRs to bring costs down.

At stake are four x660-megawatt boilers and four turbines for the two stations.

Strong lobby Northern Engineering Industries, which combines the boiler-makers Clarke Chapman and the turbine generator makers Parsons, has a head start on the rest of the industry, having already received the design phase of the boiler contract, subcontracted from the Nuclear Power Corporation.

Naturally, the further placing of a manufacturing contract with Northern Engineering will be hotly disputed by Babcock and Wilcox, the boiler-makers, which would say that it has greater capacity for and expertise in nuclear work.

No doubt this view will be represented to the CEBG, and Babcock's powerful lobby makes placing of the manufacturing contract by no means a foregone conclusion.

On the turbine side, the

choice lies between the manufacturers NEI (Parsons) and General Electric Company (GEC) and between turbine types known as four-flow and six-flow.

The Central Policy Review Staff, was called in at the end of last year by Mr. Callaghan to review the choice, but came to no firm conclusion, "being reportedly starved of information on prices. So it threw the ball back to the boards to decide for themselves.

The arguments on choice of turbine, and boilers, too, are in part technical; they cannot be taken out of the political arena entirely.

Since 1977, when the Government failed to merge Clark Chapman with Babcock and Parsons with GEC, NEI has been busy in creating a bright new image for itself, a task in which it has been relatively successful.

It has as yet not acquired substance with which to back that image.

Lacking the financial strength of the other two groups, it needs the AGR work even more desperately than they do.

At the same time, and for that reason, they would still say that to grant it the AGR work would be to prolong its life artificially. Better, the argument runs, to use the present AGR orders as a stick; by giving Babcock the boilers and GEC the turbines, so drive NEI into the twin mergers from which it should never have escaped.

Those who say this, however, also admit that it is unlikely that the CEBG would wield such a stick, though whether the Government would is still untested.

# Support for welfare system 'declining'

BY DAVID FREUD

A CLEAR majority of people in the UK now agree with individuals having the choice to opt out of state health and education services, according to a book published today.

This preference is in sharp contrast to the position in the early 1960s. The findings are based on surveys conducted in 1963, 1965, 1970 and 1978. They are reported in an Institute of Economic Affairs paper, "Overruled on Welfare".

The authors, Ralph Harris (who was awarded a life peerage in the birthday honours list) and Arthur Seldon, say the findings support the introduction of charging and choice in welfare services.

According to the survey, between 1963 and 1978 support for the universal provision of tax-financed services fell from 42 per cent to 22 per cent in health and from 52 per cent to 18 per cent in education.

Support for individual choice in opting out rose from 34 to 58 per cent in health and from 28 to 65 per cent in education.

The authors dismiss other surveys of public opinion on state-financed welfare services — which show 80 or 90 per cent approval — as fundamentally

flawed. This is because such surveys inquired after general opinions and attitudes, and not choices between alternatives clearly labelled with price-tags, say the authors.

The survey also found much ignorance over the true cost of welfare services.

The authors say "Since voters do not know the cost of unpriced state services, they cannot decide through the ballot box whether private welfare arrangements would be preferable."

More than half the people questioned in 1978 would accept vouchers worth two-thirds the cost of state schooling and of private health insurance, leaving them to add one-third from their own pockets.

The authors say a "reverse income tax," that topped up low incomes, would enable government to spend less, reduce taxation and enable people increasingly to pay direct for health, education and other welfare services of their choice.

Over-ruled on Welfare by Ralph Harris and Arthur Seldon, Hobart Paperback No. 13, Institute of Economic Affairs, 2, Lord North Street, London, SW1P 3LB, £3.

# NEB £8m computer venture

By John Lloyd

A JOINT VENTURE between Data Recording Instrument, a computer peripherals manufacturer controlled by the National Enterprise Board, and the U.S. company Control Data Corporation, was agreed yesterday.

The NEB will contribute £8m to the new venture, which will be 76 per cent owned by Data Recording. The company is likely to be called either Universal Peripherals or United Peripherals, and will make computer memory units.

The remaining 24 per cent of the joint venture will be held by Magnetic Peripherals Inc., a control data subsidiary. The managing director of the new company, Mr. Larry Matthews, has been seconded from Magnetic Peripherals.

However, Mr. Henry Sweetbaum, the chairman of Data Recording, stressed yesterday that the new venture would "definitely not be a satellite company—we will develop research and development facilities in the UK."

Data Recording is the largest computer peripherals manufacturer in Europe independent of a mainframe computer manufacturer. The new venture links it to one of the largest computer companies in the U.S.

Data Recording has 900 employees engaged in the manufacture of memory products, all of whom will be able to transfer to the new company.

# Quango review will take a little longer

BY PAUL TAYLOR

THE GOVERNMENT-ORDERED review of quangoes—fringe administrative and consultative bodies paid for by the taxpayer—is unlikely to be completed before the parliamentary summer recess.

The review, part of an attempt by the Government to cut public expenditure, was launched last month and, when complete, is expected to show, for the first time, the full number, cost and power of quasi-autonomous non-governmental organisations.

While the Government has made quite clear its intentions to scrap certain of these fringe bodies—such as the Price Commission and the Health Services Board—Ministers and civil servants yesterday denied the existence at this stage in the review of a "death list."

The biggest cuts are expected to be in quangos falling under the Department of the Environment, together with those under education, health, agriculture, employment and transport departments.

Since the review covers "all

quangos" there is mounting speculation not only about which will be spared the axe but about how many jobs and what level of expenditure the Government will seek to trim from those that survive.

One difficulty facing the Government before completion of the review is that no Government Department has complete details of the number or cost of these fringe bodies. The latest official report, published by the Civil Service Department, lists 35 official organisations whose administrative patronage exists. The number rises to 814 if subsidiaries are included.

The total amount in fees paid by the Government to members of quango boards is about £7.3m a year, but the full administrative costs and the funds controlled by these bodies far exceeds this sum.

A study, undertaken by Mr. Gordon Bowers for the Civil Service Department in 1975 and based on 205 fringe bodies, disclosed that these alone employed 184,000 people and had a total expenditure of £2,370m a year.

# Oil output at new peak, officials say

By Kevin Done

CRUDE OIL production from the UK sector of the North Sea rose to a new peak of more than 1.6m barrels a day in May, the Department of Energy confirmed yesterday.

Official production figures show that North Sea output increased to 1,639,449 barrels a day last month, a rise of 12 per cent since April. In addition, production from 10 wells on land in south Dorset and the East Midlands totalled 2,837 barrels a day.

Offshore production was increased in May by the rapid build-up of output from the Ninian Field and a further increase in output from Piper, which for the first time exceeded 300,000 barrels a day.

Production was also helped by the absence of extensive maintenance work on any of the 12 offshore fields on stream.

# British design for £13m Saudi city hall

OWEN LUDER Partnership, the British architects' concern, is to design a £13m city hall for Taif, the Saudi Arabian summer capital, in collaboration with Mohammed Waksabandi, a Saudi architect.

The air-conditioned building will accommodate 500 people in 6,838 square metres of offices on four floors, with a mosque and mayoral suite on the roof.

A lecture theatre, exhibition centre and terraced areas will provide social facilities for the public.

# New takeover for Pincott

PINCOTT and Pincott, an intruder alarm installer based in Exeter, has been taken over by Modern Alarms, which has 25 branches in the UK.

Pincott, which was bought last February by Automated Security (Holdings), has about 3,300 rental systems and is considered one of the West Country's largest companies in its field. Modern Alarms also handles fire alarms.

# Invalid's car allowance

MOTABILITY, a charity which operates a scheme under which a disabled person who receives mobility allowances may lease a car in return for the allowance, has asked us to point out that contrary to the report in yesterday's paper on VAT relief for the scheme, Motability does not pay for the petrol, insurance and advance rental of a lessee's car. These costs are paid by the lessee.

# Bristol frames strategy for prosperous future

BY ROBIN REEVES

BRISTOL'S Economic Development Board has framed a strategy aimed at ensuring that the city maintains its prosperity in the 1980s.

While recognising that industry and commerce will continue to play the main role in the strategy, the board has placed particular emphasis on the need to promote Bristol as a centre for tourism.

The Board, made up of council, industrial, trade union and chamber of commerce representatives, suggests that only tourism and other service sector industries may be able to fill a threatened shortfall in employment opportunities in the coming decade.

The indications are that by 1991 the potential working population will have grown by 58,000, whereas on present trends the number of jobs looks set to grow by only 25,000 to 30,000.

The Board says that promotion of the wide range of tourist attractions in Bristol and the surrounding countryside will increase employment opportunities, particularly for the unskilled and semi-skilled, and provide substantial additional

business for Bristol Airport. In the industrial sector the Board calls for a switch of emphasis by the city council away from job subsidies toward provision of purpose-built sites for industry.

Recently the council has offered a small selective inducement of up to £600 per employee to industry establishing itself, but the Board thinks the scheme unduly expensive and recommends it be limited to promising "infant" enterprises employing less than 15.

Bristol officials, in any case, expect it to benefit from a relaxation in the Government's industrial development certificate controls.

In the commercial sector the Board specifically urges the "conscious promotion" of Bristol in the EEC and North America as an office location, and setting up of a trade centre offering a range of business services, including telecon, translation, and meeting facilities.

It concludes that there is an urgent need for another top quality hotel and a medium-bracket commercial hotel to meet the accommodation demands of businessmen.

# Sotheby's sale of French furniture fetches £6m

THE SECOND session of Sotheby's sale of French furniture in Monte Carlo, the property of Mr. Akram Ojich, the Saudi industrialist, brought in £5,988,149 on Tuesday night for a grand total of £6,006,926.

Only one of the 201 lots failed to find a buyer. The best price in the second sale was the £303,030 from a private English buyer for a Louis XV ormolu mounted marquetry folio cabinet.

Other good prices were the £216,480 for a Louis XIV ormolu mounted bouille centre table and £129,870 for a Louis XV ormolu mounted marquetry table à la Bourgeoise. English private buyers were particularly active, also acquiring a Louis XVI ormolu mounted bronze and mahogany centre table, stamped G. Jacob, and a Louis XVI ormolu and porcelain mounted mahogany console desserte, stamped M. Carlini Jme.

Back in London, Sotheby's also held one of its best auctions of British art for some time, making £290,902 with just 4.5 per cent bought in. Top price and an artist's record, was the £19,000 paid by D'O'Hay for "Interior," by Harold Gilman. It had been estimated at £3,000-£4,000. D'O'Hay paid well above the forecast price at £11,000 for The West Street, Dungeness, 1911, by Charles Ginner. A portrait of the Master of the Buckinghamshire Hunt by Sir Alfred Munnings was bought by the Sir Alfred

Munnings Art Museum for £12,000. Another auction record was the £9,000 which secured a Graham Sutherland watercolour "Tin Mines".

At Christie's a George II oval cake basket by Paul de Lameri sold for £26,000, in a silver sale which totalled £286,663. English, the London dealer, paid £26,000 for a pair of George III silver gilt two-light candelabra, by John Scofield, of 1783. A set of cabinet.

# SALEROOM

BY ANTHONY THORNCROFT

four William III candlesticks by Daniel Garnier realised £19,000 and a William III silver gilt bowl and cover by Pierre Harache, Jr., went for £15,000. There were also some exceptional prices in an auction of early printed books. An illuminated "Book of Hours" in Latin, with sections in English, written around 1490 in London was bought by Magnus for £48,000 and another Book of Hours, published in Paris around 1400, went for £26,000. A fine copy of the Second German Bible, before 1470, was sold to Hammond for £18,500.

Christie's also disposed of a private collection of Old Master and British prints for £150,152. Ray Lewis, a California dealer, paid £16,000 for a complete set of 16 woodcuts, including the title, of Albrecht Dürer's "The Apocalypse," in the 1511 edition.

## WIMBLEDON

## BY JOHN BARRETT

# Mottram gives McEnroe a three-hour testing

BUSTER MOTTRAM played some of the finest tennis of his career on Wimbledon's Centre Court yesterday to stretch the No. 2 seed John McEnroe to four sets.

McEnroe, tipped by many people to capture the title this year, eventually won 6-7, 6-2, 6-6, 6-2, but the victory took him three hours 18 minutes of hard work against the British No. 1.

Mottram started the match in the most heartening fashion possible, breaking McEnroe's opening serve after surviving the blow of a scorching McEnroe ace on the first point of the match.

Playing mature, sensible tennis, serving excellently and volleying with a good deal more assurance and authority than one has seen for a long time, Mottram kept his nose in front in an exciting first set and his backhand returns of McEnroe's violently swinging serve kept the American at full stretch.

At 3-3 one of these back-hand passes took Mottram to two set-points, one of which he squandered with a weak backhand and the second of which McEnroe saved in buccaneering style with an ace. Though the British player again reached set point, McEnroe saved it with a fine forehand volley and then threw in another ace for good measure.

Having survived the crisis McEnroe then captured his opponent's serve to draw level at 3-3, avoiding another set point on the way, but Mottram's nerve remained steady and in the tie-break he cruised home by seven points to three. The set had kept a packed Centre Court fascinated for 65 minutes.

When McEnroe swept through the second set in only 39 minutes, and then led 2-0 in the third there were visions of a simple victory procession. But Mottram would have none of it, and took the American to



Mottram in action

another tie-break, this time losing it by seven points to four after saving two set-points. Now McEnroe was indisputably in command, and he cruised home comfortably enough in the fourth set.

Bjorn Borg, the three-time champion, had a rare fright in his second round contest against Vijay Amritraj of India on Court One before winning in five sets 2-6, 6-4, 4-6, 7-6, 6-2. The tall Amritraj, serving with admirable power and accuracy, kept the title-holder on the defensive for long spells.

Amritraj took the first set with surprising ease and hard though Borg battled to get into the match he was constantly

frustrated by Amritraj's fine serving. His first four service games in the second set cost him only three points but suddenly Borg pounced to break in the ninth game and serve out the set to love.

But, like Mottram on the adjoining court, Amritraj did not waver at this setback and soon the third set had gone on to the scoreboard alongside his name. Borg was in his deepest crisis since his first round escape against Victor Amaya last year as he trailed 3-1 in the fourth set, but gamely he hauled himself back in true champion fashion and when the set went to a tie-break he took it easily, conceding only two points.

From then on the victory march against a disillusioned opponent was a formality, though the crowd gave both players a standing ovation at the end.

There was a triple setback for the British women when Anne Hobbs, Jo Durie and Glynis Coles all went out. Miss Hobbs had a rare battle with the Czech No. 1 Regina Marsikova and served for the match at 6-5 in the third set before going down 6-8, 6-7, 6-9.

Ms Durie was no match for the defending champion Martina Navratilova, and was beaten in straight sets 6-4, 6-1, while Miss Coles, who pulled off such a fine victory on Tuesday against Marise Kruger, fell to Greer Stevens of South Africa 6-0, 6-3.

On Court 2 Billie Jean King defeated Linda Siegel 6-1, 6-3, and in doing so established a new Wimbledon record by playing in her 22nd singles match in the championships.

It was a record breaking day for attendances, too. Huge queues stretched outside the ground and the gates were closed soon after the start with an estimated 18,000 people still trying to gain admission.

# Barclaycard cuts credit charges for garages

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BARCLAYCARD IS planning to reduce its credit charges to petrol retailers from 3 per cent to 2 per cent in an attempt to ease garages' reluctance to accept credit cards during the present petrol crisis.

Barclaycard is notifying the 9,500 garages that accept the credit card of the changed commission rate, but adds a gentle warning that agreements to accept Barclaycard customers must be honoured.

With petrol short, some garages have insisted on cash payments. In the 1973-74 petrol crisis, Barclaycard adopted a tough approach and dropped at least 1,000 garages as Barclay-

card outlets for refusing to accept credit cards.

This time, however, Barclaycard plans to be more patient. For petrol retailers, accepting Barclaycards has significant advantages for cash flow as well as attracting custom when supplies return to normal. Although Barclaycard's petrol station credit sales are basically unprofitable, the company is concerned to keep petrol outlets since they help to encourage people to become cardholders.

Access said yesterday that it was reviewing the position. Its rate for garages ranges from 2.5 per cent to 5 per cent, with most sales charged at a 3 per cent commission.



TWO VOLUMES OF EVIDENCE SUBMITTED TO ACCOUNTING STANDARDS COMMITTEE

# Wide-ranging views on future of codes

BY MICHAEL LAFFERTY

WIDE-RANGING views about the future of company accounting standards and the manner in which standards should be set are reflected in two volumes submitted to the Accounting Standards Committee on its recent discussion paper, *Setting Accounting Standards*, published today.

Running to almost 680 pages, the volumes include 131 items of evidence from companies, accounting firms, representative bodies, City institutions and accounting groups throughout the country. It is the first time such a wide range of UK business opinion has been considered whether there is a need for accounting standards. Broadly, there is an overwhelming support for the standard-setting concept.

## Disquiet

The process was set in action following growing disquiet in the accountancy profession about procedures for setting accounting standards. It emerged a few months ago, for example, that Mr. David Rae Smith, senior partner of Deloitte Haskins and Sells, had written to the chairman of the Accounting Standards Committee in September 1977, expressing concern at the set-up which was said to present a "depressing view". A working party headed by Mr. Tom Watts, ASC chairman, was established to draft a discussion paper on future directions in standard-setting.

The Watts Report, as the discussion paper is called, was the outcome. This has been open for public comment for six months. The evidence published today is the response. The next step will be a series of public meetings throughout the UK. Next month, when commentators will elaborate on

their proposals. Towards the end of the year, a new framework for setting standards will probably emerge.

Among the general trends in the submissions are support for greater involvement by the accounts users in the setting of standards, support for research into an agreed conceptual framework to underlie all accounting standards, almost total opposition to standard-setting by the Government, demands by many firms for the Stock Exchange to take a role in enforcing standards on quoted companies and demands by industry for greater consultation before the publication of proposed standards.

Twenty-two of the comments come from companies, mainly industrial; 28 from professional accountants, mainly the big City-based firms; 21 from industry and City representative bodies; 34 from individuals, with the remaining 31 from representative bodies of accountants.

The overwhelming balance of evidence outside the accountancy profession comes from preparers of accounts such as companies, trade organisations. Comments from accounts users are very few and, in general, have not impressed the committee.

The Society of Investment Analysts, the body which might be thought to include the most sophisticated users in the City, has not submitted any evidence of its own beyond sending a copy of a talk by one of its members.

Points made by companies include the following:

BAT Industries says that, during the short period in which standards have been promulgated, "there has been a marked improvement in the general standard of reporting. If standards have achieved nothing else, they have

generated a very considerable amount of discussion on important reporting topics among all classes of accounts users." BAT calls for standards laying down only broad guidelines within which each industry would define its own standards, which would be mandatory.

British Petroleum wants to see the composition of the Accounting Standards Committee changed. "Currently the so-called balance is based on the premise that all non holders of practising certificates are the same." By doing its own analysis, it concludes that commerce, industry and management are underrepresented—contrary to the popular view. BP says: "Far more producers of accounts must be introduced into ASC to get the balance which will generate greater respect for the products of the committee."

On the question of finance for the ASC, Coats Paton floats the idea of charging an annual fee to all those who wish "to keep a foot in the door."

## Research

Consolidated Gold Fields wants research on an agreed conceptual framework, though it questions how successful this would be. It is opposed to the ASC holding its meetings in public and says there would be dangers in it holding press conferences "as it is very likely that at least some reporters would get it wrong." However, it makes a strong plea for continuing the practice whereby members of the ASC secretariat give oral guidance to inquirers. "This latter feature is of great help to companies and is greatly appreciated."

Mr. P. J. Welch, Foseco Minsep's finance director,

believes it would be desirable to include a provision in the Companies Acts referring to the relevance of accounting standards.

Lloyds Bank International submits what is probably the shortest piece of evidence. It is happy with the present system which "has worked fairly smoothly in practice."

Shell wants more international harmonisation of accounting standards based on the work of the International Accounting Standards Committee. "The British record in this regard is good, but the time has come when, if the IASC is to advance further by

statements, a new standards committee including an executive core of full-time members, a committee to monitor and advise the new standards-setting body, and improved enforcement procedures. "Enforcement should be predicated on the formal recognition by the leaders of the professional, business and financial communities and the Government of the significance of accounting standards."

Arthur Young McClelland Moores believes things might be improved by according accounting standards, as is the case in Canada, the status of authoritative interpretations of broad legal requirements.

Binder Hamlyn warns that regard must be had to the "undesirability of financial and commercial decisions being conditioned by technical accounting constraints"—the so-called economic consequences argument.

Peat Marwick Mitchell favours the ASC having its own separate staff under the control of a full-time secretary-general. Finance should not be a constraint on the establishment of standards.

Price Waterhouse wants accounting standards to remain under the control of the accounting bodies. However, it hopes "that progress can be made towards the integration of some or all of the bodies so that the approval process can be streamlined."

Price Waterhouse also suggests that it should be possible to develop some less ambitious guidelines on the objectives of financial statements.

Spicer and Pegler questions how much research has been done to determine compliance with accounting standards by unlisted companies.

Turning to representative

bodies, comments are fairly brief.

The British Insurance Association wants no involvement by the Government in standard-setting. The British Property Federation supports industry-based standards, and does not want this limited to matters of disclosure only.

The Confederation of British Industry claims that the present system of enforcement works well, and says legal enforcement of standards should be strongly resisted. The Group of Scottish Finance Directors is full of praise for standards and calls for credit to be given to those concerned. This contrasts with a number of submissions calling for higher calibre staff on the ASC secretariat. The finance directors also suggest an agreed arbitration system for disputes between auditors and clients.

## Speech notes

The Institute of Chartered Secretaries and Administrators wants a seat on the ASC, and indicates that it would be prepared to pay for it. The Midlands Industry Group of Finance Directors thinks the concept of an enforcement body should be opposed, and wants greater representation for industry on the ASC.

The Society of Investment Analysts' evidence comes in the form of a copy of draft speech notes from a lecture by Mr. Keith Percy of stockbroker, Philips and Drew. He describes the "true and fair view" requirement as "that notorious phrase" which really means very little in practice. "What the user requires is that all financial statements should be drawn up in a consistent manner using accounting policies that are clearly stated and widely accepted."

# Villagers win appeal against Gulf Oil

IDENTS OF the Welsh village of Waterson yesterday won a legal victory against the company whose Milford refinery, they claim, has polluted their lives. The Court of Appeal ruled that the company's use of the Act of Parliament, which authorised construction of the refinery, as a defence against claims of nuisance from dust and noxious vapours, was invalid. A High Court judge ruled that the company could not rely on the 1965 Oil Refining Act and were liable for nuisance unless they could show that their negligence was not a contributory factor, he said, should not

be damaged compulsorily without proper compensation. It did not matter whether the undertakers used diligence to avoid causing damage.

The question of whether Gulf Oil could use the Act as a defence had been raised as a preliminary issue in a test action by Mrs. Elsie May Allen, whose home is close to the refinery.

Her action is one of more than 50 brought by local residents claiming damages and seeking an injunction to stop the refinery causing nuisance. The Appeal Court allowed her appeal against the High Court ruling in Gulf's favour. But Gulf were given leave to appeal to the House of Lords against yesterday's decision.

Their refinery at Milford Haven is one of four, all the subjects of private Acts of Parliament. The others are owned by Esso, Regent and Amoco.

Lord Denning said the villagers claimed they suffered from noxious odours which made them feel sick. They were subjected to vibration, roaring and flames from burning waste gases, and feared explosions.

# Scheme to overhaul state borrowing

OUR ECONOMICS CORRESPONDENT

MAJOR OVERHAUL of the system of financing government borrowing in order to minimise the capital risk to lender and borrower is set to-day by Professor Neil of Cambridge

writing in the July issue of a Bank Review Professor suggests a new form of bill to be known as "state deposits" in place of Treasury Bills and gilt-edged securities.

These deposits would carry a variable rate of interest, moving with the rate of inflation, and have no fixed term and no maturity and refinancing.

Changes are proposed in the strong element of long-term borrowing. The new policy means that if inflation accelerates and the rate of interest rises the government, hence taxpayers, gain and lenders will lose.

If the rate of inflation or money rate of interest falls lenders will suffer an unsatisfactory burden of interest rates and lenders will

of intent that the member States will be trying to harmonise, on a stable basis, their economic and monetary performances. Membership of a stable rate club with all its implied commitments may be a spur and help towards this goal.

In another article, Mr. Bernard Kilroy discusses housing finance and the "first priority of renewing the existing stock."

He proposes a package of tapering adjustments to mortgage relief during the next 20 years, but not abolishing it altogether. Only at the end of the life cycle of house ownership would the value of houses be subject to some proportion of capital transfer tax—so establishing tax neutrality between housing and other forms of investment without the disadvantages of the old "schedule A."

## Lloyds offers cheaper travel for students

BRITISH RAIL has joined Lloyds Bank in a scheme to offer a 50 per cent discount off a standard 28 Student Railcard for first-year students who open a current account before October 31 this year.

This would entitle them to half-price rail travel for up to a year, and is the first such scheme run by a clearing bank and British Rail.

Last year 74 per cent of university students lived outside the region in which they studied, according to statistics produced by the Universities Central Council on Admissions.

## Scots councils spending cut by £84m

By Ray Parnham, Scottish Correspondent

THE GOVERNMENT has asked Scottish local authorities to trim their spending by £84m this year, and has warned that budgets must be cut next year.

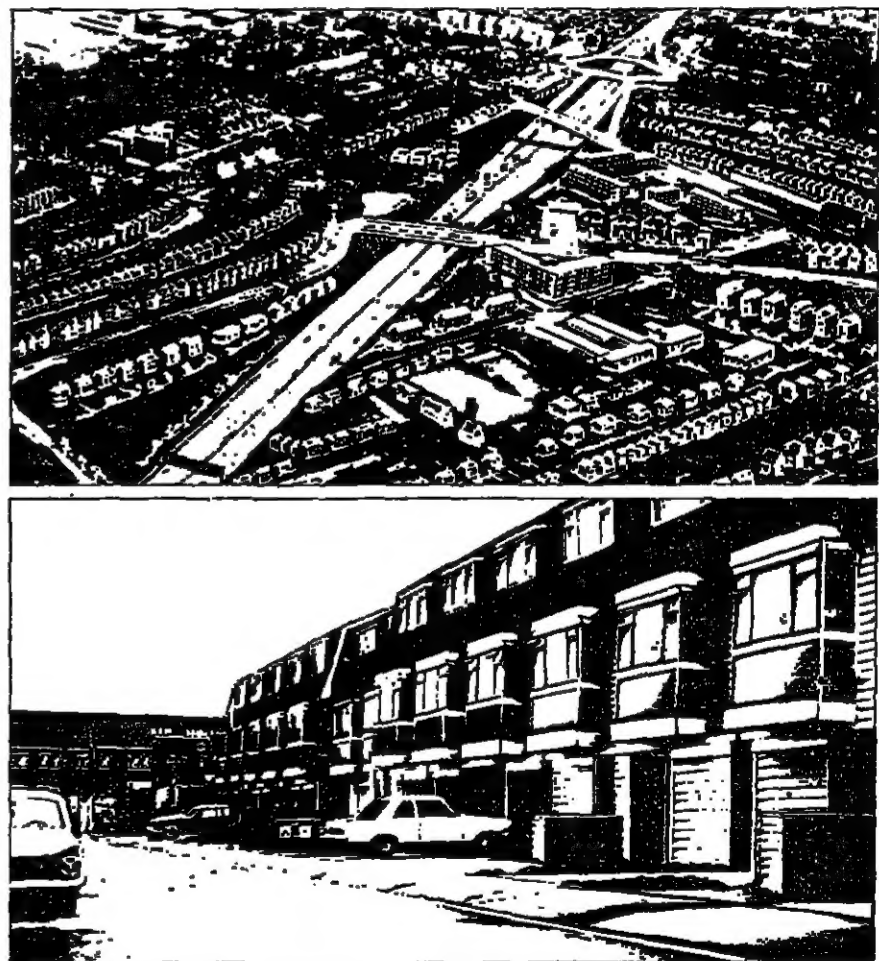
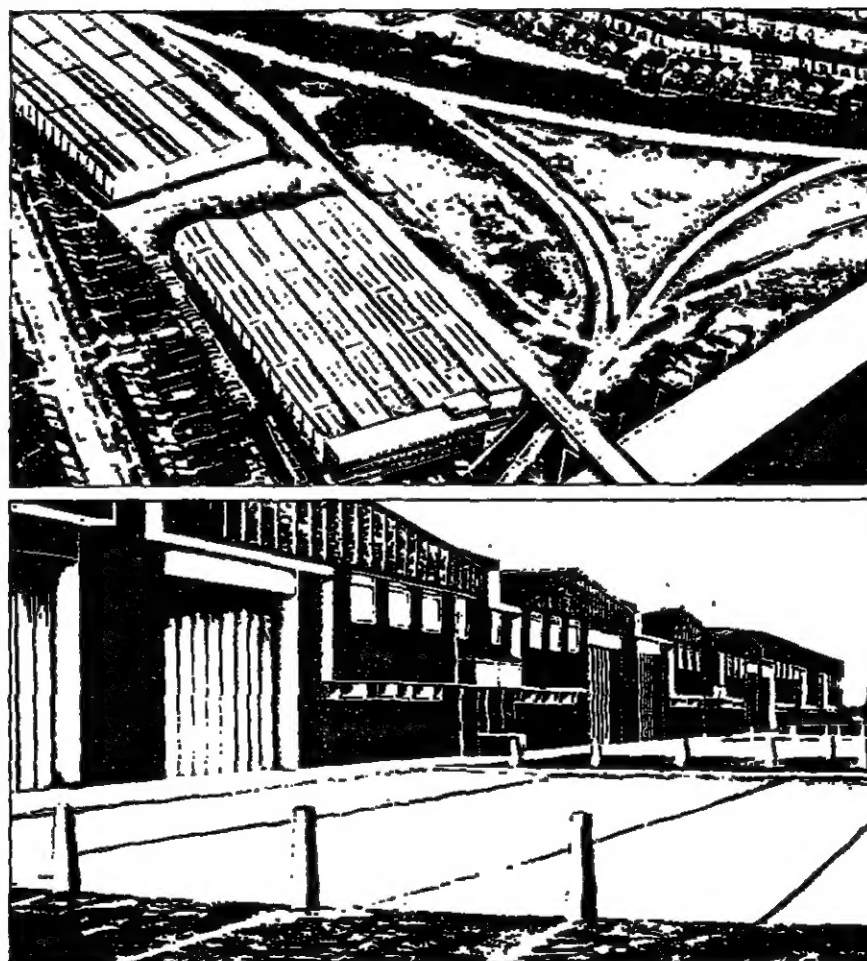
A circular sent out by the Scottish Office yesterday confirmed the reduction of £35m in the rate support grant increase order foreshadowed in the Chancellor's Budget statement, and adds that this figure will be looked at again when the level of council pay settlements is known.

Councils are also told that current spending estimates are £49m above the figure on which the rate support grant for 1979-1980 was based, and this excess must be cut where possible.

The Government intends to cut spending on all services except law and order for the next three years, and a cut of about 7.5 per cent in next year's estimates is being considered.

Savings on capital expenditure are to be made by discontinuing the practice of allowing capital allowances underused by some authorities to be transferred to others which can use the money.

# LONDON DOCKLANDS: OVER £1,500,000,000 WILL MAKE SURE IT'S NOT JUST A PLANNER'S DREAM.



Situated in the heart of the city alongside the River Thames, London Docklands is the largest area for development in the world.

All the dreaming and a lot of the planning have been done.

And now we are getting on with it.

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This is just the start of the Docklands plans becoming reality.

It is also the start of a great opportunity for business.

NEW ROADS AND RAILWAYS WILL BRING IN MONEY AS WELL AS PEOPLE.

Already major road improvement schemes are underway. New bus services and rail links are being introduced.

And an underground rail extension is being considered.

All this will make it easier for everyone, be they Londoners, commuters, buyers or businessmen, to get to Docklands.

It will also make it a much more attractive place for investment.

BUILDING A NEW TOMORROW. FOR BUSINESS, AND FOR PEOPLE.

Before Docklands can become the ideal place to

live, it obviously has to have jobs to support its growing population.

That is why much of our effort is directed towards attracting new employers to the area.

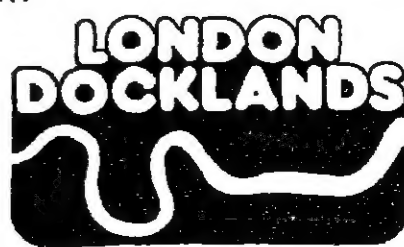
At the same time, however, we are building new housing.

We are encouraging private housebuilding. We hope to open up much more of the riverside as attractive leisure areas.

And we are planning more parks, more shopping and community centres. As well as providing for the people presently living in Docklands, we are hoping to attract a wider cross section of new residents to the area.

Because in the end, it will be people who build the new tomorrow for Docklands.

If you would like to know more about the plans for London Docklands, write to The Docklands Development Organisation, 164 Westminster Bridge Road, London SE17RW



WE'LL HELP YOU MAKE MORE OF YOUR CAPITAL

## NEWS ANALYSIS—POST OFFICE CRISIS Public feeling the blows

BY JOHN LLOYD

IT OFFICE management "is a boxer," declared Sir Iwan Barlow, the Corporation's chairman, a couple of weeks ago. "No sooner has it been hit by one blow, than it is hit by another."

These blows, having bruised management, are now landing increasingly on the public. They are providing Sir Iwan with his largely new board with toughest test in the 11 years it was reconstituted with seven worker directors. Ironically, a number of the problems in industrial relations: coming trade unionists on the staff has been no instant success.

Telephone billing has suffered in the past two months because of action by members of the Civil and Public Services Association and the Society of Civil and Public Servants in the data processing division. Though manually prepared bills are being sent out, they are only taking in £3m of normal £10m a day. At the same time, the telecommunications business is borrowing £5m from posts to finance its cash losses. While it may be that no-one is inconvenienced by not receiving a bill, the Post Office is disturbed that bills covering, on average, three quarters will be a shock to its customers. Domestic customers are a particular worry, and the Post Office fears more evasion than usual. Further, if posts runs short

of money, the telecommunications business will have to go elsewhere for its cash, probably at higher rates. Interest charges are an extra cost to the corporation, and ultimately its consumers.

Telecommunications' staff pay has been affected by the same dispute. Staff at headquarters and departments in the Midlands, Scotland and North East regions—about 50,000—are being paid manually. All 300,000-plus telecommunications workers are seeing their allowances and overtime payments affected, though local management have been told to top up pay packets to normal levels and settle up afterwards. The public has not been affected—yet. But if no wages are paid, then no work will be done.

## System hit

Telecommunications equipment is normally ordered and sent out by computerised methods. The system has been hit by the CPSSA and SCPS disputes, and manual ordering has taken over. This has created large gaps in essential supplies, exacerbating delays in repairs and installations. Work has already been held up due to the after-effects of the Post Office Engineering Union's action last year and the severe winter weather. Engineers were diverted from repairs and installations to exchange work, then to repair cable. Delays are worst in London and Wales

where offices are quoting waits of up to a year. The one bright spot is that part of the problem is demand for phones, which continues to increase.

Postal delays were highlighted when the corporation chose not to sign on its problems, but to make them public. While a one-day action by the Post Office Management Staffs Association two weeks ago contributed to delays, the structural problem is one of staff shortages, particularly in London.

As Mr. Norman Stagg, the deputy secretary of the Union of Post Office Workers pointed out, postmen work a six-day week, often beginning at 5 am, for a basic wage of £60 a week. The package does not attract large numbers of applicants, although, as Sir William Barlow has pointed out, fringe benefits are good.

About 15 per cent of both first and second class mail is now taking between three and 10 days to reach its destination. For a service which prides itself on being one of the world's most efficient, this is appalling. Remedies are not around the corner. Pay will probably not rise relative to other jobs, and part-time working, which could help in some areas, is banned by the UPW. The mechanisation programme has been speeded up, and is expected to be completed by 1983 when 83 mechanical offices will replace 1,200 manual ones. They will bring another problem—how to persuade everyone to use postcodes, which too few presently do.



## UK NEWS—PARLIAMENT and POLITICS

Healey notes cautious City reaction to Tory strategy

## Budget 'just not credible'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CITY and the financial markets have given the thumbs down in the most decisive way to the Conservative Government's first Budget, Mr. Denis Healey, shadow Chancellor, claimed in the Commons last night.

Speaking in the second reading debate on the Finance Bill, he said that the FT index stood at 544 on May 3, election day, but by Tuesday this week it was down to 475.615, this was not selling at all, despite mammoth interest rates.

"The reason is very clear. No-one who has money to risk believes in the central strategy of this Budget," he declared.

The Chancellor's objective of creating incentives by cutting income tax and increasing VAT was "just not credible," he said.

But Mr. John Biffen, Chief Secretary to the Treasury, told the House: "This is a fundamental and reforming Budget. It is a Budget and a Finance Bill—that carries acknowledged risks."

"It is inspired by a concept of social justice and a commitment to economic realism. Without political and economic risks there can be no reward."

The two front bench spokesmen crossed swords over the effect the Budget would have on the black economy where people were doing "moonlighting" jobs while paying little or no income tax.

Mr. Biffen made it clear that the Chancellor, Sir Geoffrey Howe, believed that the switch to VAT would help stamp out these practices.

"Tax as you spend is more likely to catch the moonlighting class than tax as you earn," Mr. Biffen declared.

Mr. Healey, however, professed to be "staggered" by this assertion. He argued that in fact the Budget would be a "moonlighters' charter."

Hundreds of thousands of people who had worked done in their homes and gardens would make arrangements to avoid paying VAT to the person carrying it out, he maintained.

The increase of VAT to 15 per cent would give an enormous boost to the black economy.

Mr. Biffen said that the tighter cash limits announced by the Chancellor would lead to savings of £1bn. This was a formidable objective and could not be achieved painlessly.

"At the end of the day, the size and scale of the public sector is a political decision. It has to be taken in this House and can be taken nowhere else."

He emphasised that a wide range of goods was zero-rated for VAT and would not be directly affected by the increase to 15 per cent. Taking the zero-rating into account, the average level of VAT in Britain still worked out at 8 per cent, compared with 15 per cent in France, 9.5 per cent in Germany and 7.75 per cent in Italy.

There had been much argument, he said, about the effect

which the VAT increase would have on the retail price index. But, paraphrasing the famous remark of William Jennings Bryan, Mr. Biffen declared: "At times I have felt like saying that British economic policy should not be crucified on the cross of the retail price index."

Some had suggested that it would have been better to have increased the duty on drink and tobacco. But, he maintained, this would have been a much less buoyant source of revenue and would also have had a considerable impact on the RPI.

A 10 per cent increase in drink and tobacco duty would have raised less revenue than increasing VAT to 15 per cent.

From the Opposition front bench, Mr. Healey agreed with the recent statement of Mr. James Callaghan that the unions should not take industrial action to prevent the Conservative Government achieving its political objectives.

"I would go a little further," Mr. Healey added. "I would say it is futile to expect to recover wage increases by increases in wages above any rise in productivity. All increases in earnings which are not met by increases in productivity are paid for simply in inflation and unemployment."

He also warned that the Government's targets for holding down money supply and the public sector borrowing requirement would be heavily deflated if inflation was running at

18 per cent by the end of the year.

If they stuck to that, then interest rates would have to go up. At the time of the Budget, he had predicted that it would lead to increased inflation, a massive fall in economic growth and a steep rise in unemployment.

He felt that all of these criticisms could now be repeated with even greater force.

The same criticisms were being made "with mounting fury," by the British public and a public opinion poll had shown that it was the most unpopular Budget for 27 years.

"The Prime Minister has had the shortest honeymoon in history," taunted Mr. Healey. The VAT increases "would increase the RPI at a stroke by 4 per cent. There was increasing evidence that shopkeepers, traders and garages were putting up prices far more than was justified by the rise in VAT and duty."

Mr. Healey also complained that the Confederation of British Industry had warned the Government against putting VAT up above 10 per cent, but since the rise to 15 per cent, they had not "uttered a peep."

He forecast a massive supplementary rise in the rates in the autumn and mortgage interest rates rising to 13 per cent.

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## Midland faces computer strike

By Alan Pike, Labour Correspondent

BANK UNION leaders rejected a pay offer yesterday from the English clearing banks, and immediately launched a programme of industrial action which may involve thousands of their members.

The executive of the Banking, Insurance and Finance Union gave authority for a series of one-day strikes by Midland Bank computer staff starting on July 9. It will involve 800 staff at five computer centres.

Union claims it will result in serious disruption.

Staff who provide the Midland's banking services at Heathrow will be drawn into one-day stoppages.

The executive then decided to ballot about 8,000 members in High Street branches of all the English clearing banks, or whether they wished to join the action. Areas selected for possible action at this stage include London, Yorkshire, Derby, Avon and Sunderland.

BIFU has rejected an offer which it says is worth 12 per cent in response to a claim for 20 per cent increases and a further 5 per cent consolidation.

Mr. Leif Mills, general secretary, said: "The banks' handling of collective bargaining is abysmal and their offer negligible."

Midland computer staff have been drawn into the dispute first because a ballot has already been completed among them. The union sees computer operations as an area where industrial action can have a significant impact without involving large numbers of members.

## ACAS can appeal on court order

THE ADVISORY, Conciliation and Arbitration Service was given leave to appeal to the House of Lords yesterday against a court order requiring it to investigate a union's claims for recognition without waiting for the outcome of a representative dispute between the union and the TUC.

The union—the 45,000-strong Engineers and Managers Association (EMA)—had opposed the appeal move.

Last May, the Court of Appeal ruled that ACAS should get on with the job of investigating the union's claim for recognition at a GEC plant at Whetstone, Leicestershire.

ACAS wants to defer its inquiry, however, until it has heard the final decision in court proceedings by EMA against the TUC. In its proceedings, EMA is challenging an order by a TUC Disputes Committee that professional engineers at Whetstone should be represented by another union—TASS, the technical and supervisory section of the engineering union.

Granting ACAS leave to appeal, Lord Edmund-Davies, sitting with Lord Keith of Kinkaid and Lord Scarman, said they would try to hear the case in November.

## British Gas rejects 11% pay offer

UNION OFFICIALS representing 50,000 white-collar staff at the British Gas Corporation told senior management yesterday they would not accept a pay offer of 11 per cent.

The National and Local Government Officers' Association and MATSA, the white-collar section of the General and Municipal Workers' Union, rejected a similar offer made informally last week.

Talks between the unions and the Gas Council are planned to go ahead today. Mr. Derek Horn, London regional officer for MATSA, warned of likely industrial action unless the offer was substantially improved. MATSA, which represents 8,000 Gas Corporation staff, will call a delegate meeting to discuss the problems.

## Labour force expected to rise by 2.25m

MORE THAN 2.25m more people are expected to form the labour force in 1991 than in 1976, according to Department of Employment figures published yesterday—an increase of almost 9 per cent.

That projection, in the Department of Employment Gazette, notes as "very striking" the expected increase in the labour force in relation to the remainder of the population.

In 1976, there were 111 people not working for every 100 in employment. By 1991

## TUC promises to delay Government policy attack

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT seems assured of a lengthy period of grace from the trade union leadership following a decision of the TUC general council yesterday not to embark on a militant campaign against its policies.

There was no dissent from a recommendation of the economic committee, which met the Prime Minister on Monday, to build the opposition gradually.

For the present, the TUC will merely aim to convince public and trade union opinion that Conservative policies are against working people's interests, and are ultimately doomed to failure.

Union leaders recognise that the Budget tax cuts may be initially popular.

The general council formally endorsed a statement critical of the policies, and a motion for debate at the annual Congress in September headed "campaign for economic and social advance."

The text of the motion, apart from topical references to the Budget measures, differs little in tone from those adopted by the Labour Government. But it is the first time within memory that the general council itself has tabled a major motion of this kind.

Although the TUC is deliber-

ately keeping a low profile at this early stage of the Conservative administration, Mr. Murray, general secretary, made it plain that the TUC will take its cue from the reactions of individual unions and beef up its campaign in the light of events.

After the meeting, Mr. Murray defined the policy as an attempt to win public support "rather than a campaign against the Government as such."

Individual unions and TUC industry committees would keep up the pressure until Congress, while the TUC economic committee would keep "a general oversight."

Asked how the TUC would react to militant opposition from unofficial groups within unions, he said: "It's important that unions should respond in an orderly way and in ways determined by democratic processes. The general council did not want 'inconsiderate action' that would make things more difficult."

But he repeated that unions had the right to defend living standards and jobs. That was not a challenge to the democratic process. "On the contrary, it's a part of the democratic process."

The ultimate aim would be

to persuade the Government to see the light, Mr. Murray said. "We know that it is more likely to happen if pressure is being put on them by public opinion than if the TUC merely engages in theoretical arguments about the market philosophy versus the collective approach."

The motion for Congress calls for a balanced growth of employment and output in public and private sectors; planned development of technological change; taxation policies that are not regressive; attention to social benefits; and a central role for public enterprise.

It ends: "It is of the greatest importance that the British people should understand how all the above points relate to their jobs, living standards and general welfare. Collective bargaining strategies should be pursued which maintain and improve employment levels and living standards."

The statement rejects what it calls "crude concepts of financial orthodoxy in regard to public finance" and warns of an inflationary disaster. But it says the union movement is always anxious to play a constructive role in the country's economy.

## Inter-union row strains BL's centralised bargaining plans

BY NICK GARNETT, LABOUR STAFF

BL CARS' strategy of moving towards centralised bargaining and away from a system of individual plants has again been put under severe strain by a dispute between manual and white-collar unions and the company.

Manual unions, particularly the Transport and General Workers' Union, are withdrawing from the Leyland Cars joint negotiating committee, scheduled to meet on Tuesday, unless the obstacle can be overcome.

Some union officials consider it unlikely, however, that such a move would ruin the company's attempt to set up fully centralised bargaining, as the committee was formed specifically to discuss parity, incentive bonuses and a common settlement date.

Members of the company's manual unions, particularly the Transport and General, have been angered by a company decision to make across-the-

board parity payments to white-collar staff.

The decision was taken under the threat of industrial action by some staff groups.

The manual unions consider it to be a clear breach of an agreement reached reluctantly between all unions at the company's plant-parity targets.

A large number of BL plants have yet to meet those targets which would trigger parity payments for manual workers in those plants.

Mr. Grenville Hawley, the Transport and General Workers' Union secretary, told a meeting of BL unions at the Confederation of Shipbuilding and Engineering Unions conference late on Tuesday that there had been a very serious reaction from members to what had been negotiated for white-collar staff.

Mr. Pat Lowry, BL's industrial relations director, attended the meeting, which also con-

sidered continuing difficulties in fitting various grades of worker into the company's planned pay structure.

That exercise has to be completed before parity payments are made. The company hoped to introduce full parity by November.

Mr. Hawley said that there had been a clear understanding that the agreement to proceed to plant by plant was common to all unions: white and blue-collar.

Some white-collar groups had effectively broken that agreement by taking industrial action. That is a reference principally to members of TASS, the white-collar section of the Amalgamated Union of Engineering Workers.

Very strong reaction had been shown by his members and by those of other manual unions in plants that had and had not achieved productivity targets that triggered parity payments.

## Fears of 'motor industry desert' in Coventry

BY OUR LABOUR STAFF

MR. GEORGE TURNBULL, chairman of Chrysler UK, told engineering unions yesterday that the company planned to review the kind of work done by its Stoke engine plant in Coventry.

He said that the company had no intention of closing the plant.

Senior union officials believe that some of the company's factories, particularly the Coventry engine plant, are under threat from the decision by Peugeot-Citroen, which bought Chrysler UK last year,

to open five engine and drivetrain plants in France.

Mr. Grenville Hawley, Transport and General Workers' Union automotive secretary, told the Confederation of Shipbuilding and Engineering Unions conference that Coventry could become a motor industry "desert."

The confederation passed a motion from the Society of Metal Mechanics calling for a union meeting with Ministers and with senior Peugeot-Citroen management.

## Shipbuilding unions plan to fight Government cuts

BY OUR LABOUR STAFF

SHIPBUILDING unions are organising a special conference in August to formulate a strategy for resisting major cuts in the industry.

In response to Mrs. Margaret Thatcher's statement in the Commons this week that the industry's capacity would be reduced in a necessarily "painful" process, Mr. John Chalmers, general secretary of the British Shipbuilders' union, warned the Government that the unions would not allow their members to be "massacred."

"We intend to stand and fight," Mr. Chalmers, chairman of the Confederation of Shipbuilding and Engineering Unions' shipbuilding committee, said at the confederation's annual conference in Llandudno.

Mrs. Thatcher told the Commons on Tuesday that there could be no escape from reducing the industry's capacity and that emphasis had to be placed on finding new jobs in other industries.

Job losses envisaged by the Government could be far higher than the 12,000 included in the desired option of British Shipbuilders in its report to the last government.

The unions were angry yesterday that the Government had not attempted to consult them before the Commons statement.

The conference supported a motion calling for more public sector orders, stronger pledges from British shipping to place orders in the UK and early introduction of a scrap and build policy.

## Talks move in Labour staff dispute

By Elinor Goodman

THE Labour Party's National Executive Committee instructed its negotiating team to re-open talks with Transport House employees who went on a one-day strike yesterday in support of their demand for a 28 per cent pay rise.

The strike disrupted the monthly meeting of the executive. Decisions on all the most sensitive issues were postponed until a special meeting next Wednesday.

The staff want parity with their opposite numbers at the TUC's headquarters and have demanded an immediate increase of 28 per cent. Last week they rejected what was supposed to be the executive's final offer of 14 per cent backdated to May 1, and a further 7 per cent in November.

The executive transferred its meeting to the House of Commons where a delegation of strikers stood outside the committee room, handing out leaflets pointing out the meanness of the Labour Party as an employer.

After much discussion, a motion by Mr. Dennis Skinner, a Left-winger, asking his fellow executive members to support the staff's demand in full, was defeated by an amendment giving the staff negotiations committee full power to reach a settlement without further reference to the executive.

## Football violence complaint

VIOLENCE ASSOCIATED with the England-Scotland football match at Wembley was "a matter of almost national scandalous proportions," Labour's former Sport Minister, Dennis Howell, told the Commons yesterday.

He said violence before and after the game "has to be eliminated." He called on the Government to consult the Football Association about allocating match tickets and restricting the sale of drink on football trains.

Heater Minister at Sport, said he was "extremely concerned" by events surrounding the England-Scotland game in May. These were being considered by a departmental working party on football violence.

Atkins meets Dublin Ministers

The Northern Ireland Secretary, Mr. Humphrey Atkins, paid his first official visit to Dublin yesterday. His meetings with Irish Foreign and Justice Ministers appear to have restored better personal relations than existed with his predecessor Mr. Roy Mason.

Economic co-operation in border areas and the problem of cross-border terrorism were discussed.

Move to boost oil exploration

MOVES TO boost North Sea oil exploration are being considered by the Government. The Earl of Gowrie, Government Energy spokesman, said: "The Government keeps the rate of exploration under review and we are considering whether additional steps are needed to encourage exploration."

As a first step, the Government had already announced public corporation would no longer have first choice in oil field licences.

Nuclear reactor each approved

FINANCIAL, southeast, to build the second stage of the advanced gas-cooled nuclear reactor power station at Hinxham, Lancashire, was given by the Government yesterday.

Energy Secretary David Howell said in a Commons written reply that he had given investment approval for the construction by the CFB of the 120-mw second stage of the power station.

Tighter prison security call

THE GOVERNMENT was urged yesterday to keep a tight grip on security in prisons where IRA members are imprisoned. Former Home Secretary Mr. Roy Mason, speaking in the Commons following a statement by Home Secretary William Whitelaw on the discovery of incendiary bombs at Wakefield Prison, said the IRA should be shown that if "they had anything in mind the authorities are ready."

Mr. Whitelaw assured MPs that at no time was the security of staff, prisoners, or people nearby, at risk following yesterday's fire.

Corbett joins

FURNER MP Robin Corbett has joined the dole line and signed on at his local Labour Exchange. The one-time Labour MP for Hemel Hempstead, Herts, claims unemployment benefit every week at the town's exchange.

## Whitelaw rejects call for public inquiry into Southall riot

BY IVOR OWEN

DEMANDS FOR a public inquiry into events which led to the death of Mr. Blair Peach, the New Zealand teacher killed in the Southall riot, were rejected by Mr. William Whitelaw, the Home Secretary, in the Commons yesterday.

He urged eye-witnesses to come forward and give evidence to Commander John Cass, the senior Scotland Yard officer who is conducting the police investigation into all the circumstances surrounding the fatality.

But this failed to satisfy many opposition back benchers, including Mr. Dennis Skinner (Lab., Bolton), who referred to "witnesses there at the scene, where Blair Peach was clubbed to death, they say, by the police."

Mr. Whitelaw replied that it was the duty of such witnesses to give evidence to Comm. Cass, head of Scotland Yard's Complaints Against the Police Investigation Branch.

The former Labour Home Secretary, Mr. Merlyn Rees, supported Mr. Whitelaw's approach, recalling that Lord Justice Scarman had stated in his report on the events which took place in Red Lion Square in 1975 that it would be a pity, if after every headline-making demonstration, the public expected an inquiry.

Mr. Rees maintained that a public inquiry would be no substitute for the effective com-

plaints procedure or the ordinary courts.

Mr. Whitelaw assured the House that individual complaints against the police would be dealt with in accordance with statutory procedures.

He added that the Police Complaints Board could make a special report to the Home Secretary on any matters which, by reason of their gravity, it believed should be brought to his attention.

Defending the decision to use the Metropolitan Police's Special Patrol Group in Southall, he insisted that it had formed only part—and a very small part—of the total police deployment of 2,750.

He added: "A mobile reserve has considerable tactical value, but its work needs to be kept under review, and the Commissioner has asked the Deputy Commissioner to conduct an examination of the group."

Tracing the events which led to the riot, the Home Secretary stressed that neither the police nor the Government had the power to prevent the National Front candidate from holding an election meeting in Southall Town Hall.

The Police Commissioner had recognised from the moment that the National Front had been given permission to hold such a meeting that there was a real threat of serious public disorder.

At the same time there had been divisions within the Asian community in Southall over the preparations for opposition to the National Front meeting.

These differences had been easily exploited by "extremist elements," not all of them from Southall, some of whom had seemed determined to bring about a confrontation with the police.

Mr. Whitelaw confirmed that the Government was undertaking a review of the Public Order Act 1936, the measure introduced to enable the police to deal with the Mosley marches before the Second World War.

He promised that there would be consultation with the political parties on any matters touching on the conduct of meetings held in the course of an election campaign.

Mr. Whitelaw declared: "The Government firmly set its face against extremist organisations, whether to the left or the right, who seek to divide society and exploit racial tension."

"All who live in this country are equal before the law and should be treated as such."

"Anyone, private citizen or policeman, who breaks the law should be brought before the courts, and, if found guilty, properly punished."

If the police find it impossible to maintain public order under the existing law, then it is for Parliament to decide whether and how a new balance has to be struck."

THE GOVERNMENT is lifting the earnings credits towards pensions in the tax year 1978-79 by 13.3 per cent. The necessary order giving this rise was made yesterday.

Under the new state pension scheme which came into operation on April 6, 1978, an employee's second tier earnings-related pension is based on his or her best 20 years earnings.

In calculating these best years at the time of retirement, each particular year's earnings are reviewed in line with the movement in national average earnings to ensure that the ultimate pensions has eliminated the effects of inflation.

The Social Security Revision of Earnings Factors Order 1979.

none out to householders requesting replies within 21 days.

Mr. Heseltine warned MPs of the danger of a "substantial" rates rise next year if urgent decisions about local authority spending were not taken now.

He announced that a circular out yesterday set out the overall reduction the Government wanted. But it was for individual authorities to decide how best to make savings in their spending plans.

He told Labour spokesman Roy Hattersley: "I want local authorities to reduce expenditure as opposed to passing on expenditure in the form of higher rates."

He said he was considering legislation to empower him to take "punitive action" against local authorities who try to protect their services against proposed public expenditure cuts.

The officers of the committees also tend to back up Ministers during the committee stage of Bills on their subjects.

Given the passions and possible divisions in the party which the question of Rhodesian sanctions is likely to excite in the autumn, the chairmanship of the foreign affairs committee was seen as particularly important, together with the top jobs on the home affairs, finance and defence committees.

Mr. Geoffrey Rippon, a former Minister in the Heath Government and the moderates' candidate for the job, defeated Mr. Julian Amery, a leading Right-winger and long-time opponent of sanctions, for the foreign

affairs committee chairmanship.

Mr. Anthony Buck, another moderate, defeated Mr. Winston Churchill for the defence job.

In the same way, Mr. Edward Gardner beat Mr. Ronald Bell, another headline Right-winger, for the home affairs committee, which covers the sensitive area of possible new immigration controls.

The main exception to the Left's successes was the finance committee, which is to be chaired by Mr. William Clark, with Mr. Jack Bruce-Gardyne as one of its deputies.

Another Right-winger, Mr. John Biggs-Davison, was elected chairman of the Northern Ireland committee, but the moderates seemed to take the view that though he might be very Right-wing on some issues, he was sound on Northern Ireland.

The Right also took a number of the vice-chairmanships.

## Tory moderates take control

CONSERVATIVE moderates have virtually cleaned



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETERS

## ACOUSTICS

## Halving the noise from machines

Recent development in noise reduction products has been off mainly as a result of environmental pressures.

Britain, one line of development has led to rectangular "packets" of acoustic material designed to soak up noise, particularly high frequencies, and to be fixed to the walls of a room.

These absorbers are commonly used within an industrial environment which is easy cleaning of the ceiling. In fact this membrane is tough that it will withstand steam-cleaning.

An example at the Basingstoke factory of Perry of Oakley, caused by metal working general engineering was fitted to be excessive and of Attenuators of Colchester asked to undertake a noise survey of the plant. Results of investigations indicated levels of between 88 to 92 dB, such peaks generally occurred when handwork such as grinding was taking place.

When handwork such as grinding was taking place, the high reverberant sound from which the sound was reflected downwards to the workers to make an acoustically hostile atmosphere.

Attenuators suspended from the ceiling at a height of one per square metre in the roof space. The layout for this was somewhat unusual in that the absorbers were fixed to the line of the roof to the apex, maintaining a natural lighting while giving optimum sound absorption.

These absorbers are effective in halving the reflections and

re-reflection of noise as it bounces around the factory.

In Perry of Oakley's case, reduction of sound after the introduction of noise absorbers was significant with levels of between 83 to 89 dB being recorded. These reductions of between 5-8 dB, while numerically small, highlight the logarithmic nature of the decibel scale. They represent approximately a halving of pressure on the human eardrum.

Sound Attenuators, Eastgate, Colchester, 0206 69111.

## MATERIALS

## Makes more of fuel

BECAUSE THE price of fuel oil is becoming prohibitive, and its continuing supply at risk, it is necessary to prevent loss of heat in factories from furnace walls of boilers, heat transfer processes, chemical crackers, condensers, etc., warns Polybond, 43 Warsash Road, Warsash, Southampton (04995 8273).

Suggested as a foil against escape of heat and preventing the ingress of cold air, is a refractory coating which is supplied as a dry powder and, when mixed with fresh water, can be used to seal cracks, spalls, porous fire bricks, etc., says the company.

Depending on the amount of wear or damage prevailing in a furnace, claims the maker, Novit (Zircan rich) can increase the saving of a factory's fuel ration by two to 30 per cent.

## PLASTICS

## Welder for spherical floats

ORBITAL FRICTION welding equipment supplied to Phillips Trawl Products for the welding of polypropylene trawl net floats is thought to be the first unit of its type to be used on plastics materials.

The machine has been designed to join together the two hemispherical injection-moulded polypropylene parts of the float and to produce a finished object with the accurate alignment of its components that the application demands.

Friction welding of plastics materials as a process is well-known, but it has been little used in the past because of the difficulties of joining non-circular sections. The orbital design of the welder permits any shape of thermoplastic moulding to be joined because of the ability of the equipment to return accurately to predetermined centres.

One consequence of this development is that the full production potential of injection-moulding machines can be used by providing an orbital welder to match the moulders' operation rates.

Accurate alignment of the trawl net float hemispheres is extremely important because the net attachment holes moulded into the two halves of the spheres must coincide so that the trawl rope can be threaded through without snagging and to give maximum strength at the point of attachment.

Floats at the moment are largely made from spun

aluminium though one European producer has been making them from injection-moulded polypropylene hemispheres which are then glued together.

Equipment at Phillips Trawl operates at 750 rpm and the end-product is stronger at the welded faces than at any other point. One operator can turn out 200 floats an hour with true alignment of the fixing holes.

Rough usage is normal for these floats, both on the trawlers' decks and in the sea. Extreme climatic changes, high tensile stresses and underwater pressures up to 2,000 psi are commonplace.

More from Friction Welding Company, 31, Arkwright Road, Runcorn, Cheshire. Telephone 08235 64103.

## Suction hose withstands pressure

BECAUSE IT does not lose shape, strength or flexibility in extreme summer and winter temperatures in outdoor locations, Hytel polyester elastomer was selected for the suction hose of a coin-operated vacuum cleaner used now in a growing number of garages and service stations, according to Du Pont (UK), 18, Bream's Buildings, Fetter Lane, London EC4A 3DF (01-242 9044).

These characteristics, together with good resistance to oils and hydrocarbons, ensure that no loss of the suction power of the cleaner's 1,000 watt turbine is caused by hose failure. Resistance to crushing of the hose under the wheels of manoeuvring vehicles is also found to be very good.

The garage vacuum cleaner is made by Vacu-Apparatus GmbH, Burgmairstrasse 25-27, D-8012 Ottobrunn-München, and the hoses, made from Hytel, are manufactured by Schauenburg, Ruhrkünststoffe GmbH, Weselstr. 35, D-4330 Mulheim-Ruhr 1.

## Scissor lift is tough

POLYPROPYLENE sheet "Bexel" made by Storey Brothers, has been accepted by Beakbone for its safety bellows for scissor lift tables used in factories and warehouses.

The sheet is the most economical type of plastic available with the necessary flexing properties (it was tested by being flexed 2m times without breaking), says Beakbone, Stourport Road, Kidderminster, Worcestershire (0562 745061).

For scissor lifts which are used outdoors, the company makes bellows from a two-ply material that has a Storey's PVC-coated nylon outer layer and a polypropylene interior skin.

## PERIPHERALS

## Plots in colour

ONE SOLUTION to the problem of management assimilation of computer output is, of course, to present it in chart or graphical form, especially if the software is able to create a wide variety of presentations.

Applicon Inc in the U.S. has gone a step further, and based on some Swedish work is now producing an ink jet printer which works in three colours and can even produce presentable "half-tone" coloured pictures.

The software is called COLOR: written in ANSI Fortran it is able to create picture information on the host computer and transfer it to magnetic tape in sequential order for plotting. The tape is mounted on the plotter's playback system and provides signals for the three-ink jets which travel the length of the rotating drum carrying the paper. The jets increment one spot size along the axis per revolution and the binary data on the tape commands each jet to deposit, or not deposit ink at each location.

The added dimension of colour identification, particularly with three dimensional representations, enhances a wide variety of complex computer graphics applications, including scientific and business charting, contour mapping and electronic circuit check-plotting.

Price of the plotter depends of the software required, but a median price is £40,000. More from the UK agents, Intertrade Scientific, The Common, Stokenchurch, Bucks (024926 2678).

at each location.

Pictures up to 860 x 550 mm (34 x 22 inches) can be produced, in which case some 12m pixels (picture elements) are plotted to a uniform resolution of five points per millimetre (127 per inch) in only 81 minutes. Alternatively, eight-page sized documents could be printed at the same time. Seven solid colours are reproducible and over 15,000 shades are provided under software control by varying the density of spots in an area.

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More from the UK agents, Intertrade Scientific, The Common, Stokenchurch, Bucks (024926 2678).

## DALE GENERATING SETS

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## COMPONENTS

## Checks and cleans tape

BASICALLY a vacuum column tape transport system with cleaning and evaluation stations, the Inspector IV from Allison Computer Media, Berechurch Road, Colchester CO2 7QH (0206 48221) can clean and rewind a 2400 ft tape in under three minutes and clean, test and rewind it in 3.6.

The tape makes contact with the read/write head only during the evaluation mode, extending head life and reducing operating costs.

Critical emulsion side of the tape is cleaned by a vacuum loaded blade and grid system while the reverse side is cleaned by a self-sharpening grid. The equipment indicates when a blade needs replacement, eliminating risk of damage to the oxide surface.

A printed record gives the location of each tape problem and defines magnitudes.

## Actuators for engines

SWISS-BASED company Portescap has introduced into the UK a range of ac and dc operated electric linear actuators called the Magpush SE/D series for controlling the speed of diesel and similar engines used for auxiliary power generation and similar applications.

They could be used for replacing flexible mechanical cable controls which the company claims can give poor repeatability over long lengths and unsmooth control.

Powered from ac mains supplies or from 12/24 volts dc, the actuators need no maintenance apart from periodic cleaning and light oiling of the push rod and will give long life with good reliability. Materials used do not corrode.

Push-pull forces of up to 30 kgf are delivered by the units, which have screwdriver-adjustable stroke lengths of between five and 70 mm. Limited by two microswitches located at the rod's end positions.

There are slow-speed versions for providing fine control over a small section of the speed band and faster ones giving control from zero through to maximum speed.

More from Portescap (UK), 204, Elgar Road, Reading RG3 0DD (0734 861485).

## DATA PROCESSING

## Hoskyns is doing the Ritz

HOSKYNs HAS put in one of its micro-based hotel systems at the London Ritz.

Introduction of the system for advanced reservations and guest accounting was decided by Cunard Hotels which owns the 165-bedroom Ritz and also has plans to install the system in other hotels within the group.

Introduction at the Ritz represents the 21st "live" installation of the system since its launch in mid-1978. Most of the larger hotel groups in the UK, as well as leading independents, have ordered the system.

Hoskyns equipment provides an easy to use but comprehensive reservation control, guest accounting and hotel administration system. All the routine tasks like posting apartment charges, night audit, producing guest lists and the like are automated.

Staff can concentrate on the interesting parts of their work, management has up-to-date and accurate control information and the guest gets a bill he can understand, as well as a more personal service at the front desk.

Design was for hotels with from 50 to over 500 bedrooms and installations now span that complete range. Although the system provides all the facilities associated with large computer systems, use of microprocessors enables the systems to be priced at a fraction of their cost. A Hoskyns system, hardware and software, can be purchased for less than £10,000.

Hoskyns Systems Development, Millmead, Staines, Staines 61124.

## Field test for micros

CONTAINED in an attaché case measuring 19 x 10½ x 7½ inches, a test unit from Motorola can locate faults at system, module or component level in 8800-based products.

Its advantage is that it needs no special test points or data generation to be built into the product under test. Instead, it makes use of the socket into which the processor chip normally plugs to inject the required test signals.

Designated MS8UCANA, the tester can employ either the in-circuit emulation or signature analysis techniques.

In the former the system under test is connected to the analyser through an umbilical connector that plugs into the 40 pin microprocessor socket, simulating the presence of the micro and sending/receiving signals. The unit under test is then exercised in a precise and repeatable way. Customer-supplied test programs are used mainly to find faults at module or functional level.

Signature analysis can also be used in which test probes are employed at circuit nodes in order to find faulty individual components.

In this case bit streams are generated by the tester and detected at the nodes where they are compressed and then displayed in hexadecimal form. Each time the emulation cycles through its program, identical bit streams are generated and the same values appear at the nodes. Fault location is then a matter of comparing these values with known good ones.

More from Motorola at York House, Empire Way, Wembley, Middx. HA9 0PR (01-902 8836).

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More from Motorola at York House, Empire Way, Wembley, Middx. HA9 0PR (01-902 8836).

## PROCESSING

## Accurate moisture content

IN SPITE of the development over the years of some very good electrical methods of measuring moisture content, the soundest remains that of weighing the sample before and after the moisture has been driven off by heat.

Unfortunately such methods, conducted manually, are somewhat labour intensive. The latest instrument however, from Motorola Process Control, automates the whole procedure under the control of a microprocessor and gives an accuracy claimed to be plus or minus 0.1 per cent.

The operator simply presses a button, loads a sample pan until told to stop by a display, closes the lid and goes about other duties.

Meanwhile, the instrument weighs the sample (having

already weighed the pan), heats up the chamber and soon starts to give predicted final moisture content based on extrapolation by the micro of the drying curve. Final readings are produced in about ten minutes for 5 to 20 per cent moisture content but the longer drying cycle of a 70 per cent content requires about half-an-hour.

No operator adjustments are required and there are no moving parts to the unit, which is self-calibrating, self-zeroing and self-diagnostic. Moisture percentage (wet basis) or moisture ratio (dry basis) can be displayed.

The instrument, which is known as Compu-Trac is being distributed in the UK by Protimeter, Fieldhouse Lane, Marlow, Bucks SL7 1LX (06284 72722).



**Almost certainly the leader in the field of Vehicle Alarm Systems, this is an exciting opportunity to become an approved fitting centre or stockist.**

With the tremendous acceptance and publicity of this equipment including a report in the Financial Times - 28th April 1979, and many others in national and trade publications, it is essential to establish fitting centres throughout the U.K. within the next few weeks, therefore, if you are interested please apply by 17th July 1979.

There is a good introductory package for you which will include a demonstration unit displaying clearly and effectively the tremendous efficiency and capabilities of the equipment plus other publicity support. All fitting centre personnel will be given training and technical back-up assistance.

As the units are so well designed with clear, specific instructions and a colour coding, any handy person can fit them, so we require approved stockists for the D.I.Y. market, e.g. Auto Accessory Shops, Supermarkets etc. Stockists will be supplied by their local fitting centre/agent who will have the opportunity to fit the units if the stockist cannot offer this facility.

Many enquiries have been generated from all over the country and a large number of cars and commercial vehicles have been fitted with Detect-a-Thief. The owners of the vehicles including many V.I.P.'s are very enthusiastic with their recommendations of the equipment.

All enquiries will be treated in strict confidence and be addressed to Mr John Telford, General Manager, RINGPARTS (LEEDS) LTD, Whitehall Trading Estate, Whitehall Road, Leeds LS12 5JL. Tel: (0532) 753581. Telex: 567284.

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## HANDLING

## Light portable pumps

DESPITE ITS light weight and simplicity of design, a portable pump is able to cope with the most arduous duties—such as those involving the transfer of water containing sand or small solids in suspension—claims Atlanta Engineering, Hanworth Trading Estate, Hanworth Lane, Chertsey, Surrey (09328 62653).

Suggested for use in the agricultural, contracting and

Industrial fields, the Puffin is said to have excellent priming characteristics with suction lifts of up to 7 metres, and can generate heads in excess of 25 metres.

The industrial four-stroke, air-cooled, recoil-start, petrol engine develops up to 2.2 kW at a variable speed facility so that the pump duty can be altered to suit the application.

## INSTRUMENTS

## Measuring the flow

INSTRUMENTS designed and manufactured by Signet Scientific of California for flow measurement applications are being made available in the UK from Westech Instrumentation Systems (Int'l.) of Barnet (01-449 2492).

For flows above one foot per second the paddle wheel flowmeter provides a self-powered positive displacement sensing device with an accuracy of 1 per cent, providing a linear signal from flow rates up to 50 ft/sec. It will operate on any size of

pipe and does not affect the flow characteristics of the fluid being measured.

For lower flow rates for use with high viscosity liquids, slurries or solids in suspension, Signet have developed a magnetic unit requiring a 12 volt supply. The voltage generated when a conductive material passes through the magnetic field of the meter is a linear function of the velocity to be measured. Flows down to 0.1 ft/sec can be measured, with linearity up to 50 ft/sec.

# ANNUAL REPORT '78 WAAGNER-BRÓ 125 YEARS

	1978	1977
WORK IN PROGRESS	AS 4,425 m	AS 4,792 m
TURNOVER	AS 2,425 m	AS 2,310 m
ORDERS RECEIVED	AS 1,964 m	AS 2,427 m
% FOR EXPORT	54 %	65 %
INVESTMENT	AS 75 m	AS 89 m
DEPRECIATION	AS 63 m	AS 86 m
EMPLOYEES	3,407	3,561

**BALANCE SHEET as at 31. December 1978**

ASSETS	AS m	LIABILITIES	AS m
1. Fixed assets	27.3	1. Share capital	100
2. Current assets	1.3	2. Reserves	102
3. Financial assets	1.3	3. Provisions for current debts	69
		4. Provisions for long-term debts	27
		5. Provisions for provisions payments and payments	27
		6. Reserves	1.3
		7. Accounts payable	1.3
		8. Accounts receivable	1.3
		9. Loans to suppliers	1.3
		10. Short, medium and long term loans	1.3
		11. Other liabilities	1.3
		12. Profit before tax	1.3
		13. Profit after tax	1.3
		14. Profit before tax	1.3
		15. Profit after tax	1.3

**PROFIT and LOSS ACCOUNT for 1978**

EXPENDITURE	AS m	REVENUES	AS m
1. Personnel costs	1.3	1. Sales	1.3
2. Depreciation	1.3	2. Interest	1.3
3. Interest payable	1.3	3. Dividends	1.3
4. Taxation and contributions	1.3	4. Extraordinary earnings	1.3
5. Allocation for provisions	1.3		
6. Profit before tax	1.3		
7. Profit after tax	1.3		

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# OK But what does it all add up to?

Big is not always beautiful. So when we boast more resources than all our competitors put together, you might be inclined to think: so what? We agree. When you are making substantial investments in two-way radio we expect more than facts and figures to be taken into account. Like the people you are dealing with, starting with the salesman and right up to the top. How good is your relationship with the man up front. Is he thinking long term or looking for a quick sale today? And who is backing up his promises—a well resourced U.K. based manufacturing and supplying

company wholly dedicated to the future growth and development of two-way radio or a remote parent company looking for maximum advantage in whichever markets suit it best at the time? (If the latter, ensure he'll be around next time you have a replacement or extension problem.) We are not suggesting that you look to Pye Telecom for perfection. In this business staying the course for 35 years and making all the running for the future will always have its problems. But if ever those problems happen to be yours, you can count on our full commitment now and our resources whenever you need them.

Pye Telecommunications Ltd., St. Andrews Road, Cambridge, CB4 1DW. Telephone: 0223 61222



## THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

## MARKET RESEARCH

## The class menagerie

BY HAROLD LIND

THE MARKET Research Society and the Advertising Association recently sponsored a meeting of leading market researchers to discuss whether the present socio-economic classifications are becoming less useful for market research purposes, and if so what might replace them. All appearances to the contrary, this area of study is not some kind of modern version of theological disputation about angels dancing on a pin.

If it is true that the present socio-economic groupings (A, B, C1, C2, D, E) are ceasing or have ceased to be useful in segmenting markets for selling purposes, a great deal of conventional marketing wisdom will fly out of the door.

Before looking at the case for believing that something is wrong with current classifications, it will do no harm to remind ourselves of what they are at present, and the thinking behind their creation.

The marketing world in the UK divides the population into six socio-economic (or, as they are more commonly but inaccurately called, "class") variables. These are: A—Higher Managerial and Professional; B—Lower Managerial and Supervisory; C1—Non-Manual; C2—Skilled Manual; D—Semi-Skilled and Unskilled Manual; E—Those receiving no income from employment.

The categories are based on occupation, but they were designed to act as a combination of three possible measures of the population—income, status and life-style. The never-very-clearly stated assumption behind this type of breakdown is that A Class people are in the high status jobs which carry the largest incomes (as well as the largest disposable incomes), and that they have a recognisable set of aspirations and ways of spending their money.

Among the B and C1 Classes, status and money both decline, but there would probably be an assumption that aspirations remain similar although limited by an increasing shortage of money. C1 and C2 are given the same letter, presumably to show that income and possibly even status here are roughly the same, but life-style and aspirations undergo an abrupt change (roughly from "them" to "us" or vice versa depending on where you happen to be sitting). D's are like C2's, only less so.

and E's have always been a category marketers have been happy to ignore.

There may be some argument as to whether this tidy ordering of society ever existed, but there can be little doubt that if it ever did, it does so no longer. The man with a really high disposable income could as easily be a C2 compositor living in a council house with a family all of whom are at work as a senior civil servant or sales director surrounded by mortgages and bills for private education.

Equally, when one looks at life-styles and attitudes, the industrial militancy and general appearance of workers in professions such as teaching or the civil service suggests that the distinction between manual and non-manual workers is by no means as clear cut as it is supposed to be.

An effective use of socio-economic classifications is made even more difficult by the fact that grading is done by household, not by individual. The class of the household is determined by the occupation of the major wage earner, which in practice is normally taken to mean the man. As an increasing proportion of married women go out to work, there is an increasing likelihood that the class of the household becomes a meaningless or misleading concept.

For instance, a large proportion of C1 jobs, particularly in the South, are held by women, many of whom are married and working in offices. On the other hand the bulk of C2 and D Class jobs are held by men. Unless things have changed greatly since I last investigated the statistics, the probability is that women will marry men. Thus it is highly likely that many so-called C2-D Class housewives—the target of many a marketing campaign—are in fact working in occupations which would class them as B or C1.

But even if it is true that socio-economic classifications are becoming less effective as a market research device, might they still not be good enough for the job? If not, could we find any other breakdown which would do better in this crucial marketing area? A successful breakdown has to fulfil a number of demanding criteria. Information must be relatively easy to obtain from the research

sample; the category must be at least relatively stable (possession of a colour TV set, for instance, is rapidly ceasing to be a discriminating variable); it should be objective rather than depend on subjective assessments by the interviewer; above all, it must give guidance in a large number of areas about the purchasing patterns of the population.

It is highly unlikely that any single variable could meet all these criteria. A considerable amount of talk at the meeting last week was devoted to the possibility of producing an objective multiple categorisation (for instance, income by house tenure or income by terminal age of education), which might say something about life-style and purchasing patterns that the socio-economic classifications are now ceasing to say.

However, this approach, too, has problems. For instance, a combination of several variables, each of which is broken into a number of headings, would produce a matrix of immense complexity which would probably do more to obscure useful marketing facts than any of the existing techniques.

The probable amount required to assess whether current socio-economic classifications are still performing their function adequately might be between £5,000 and £10,000. It is to be hoped that advertisers, agencies and researchers may feel that this particular project would pay handsome dividends. The good news is that David Miln of SSGC, who chaired the meeting, hopes and believes that viable proposals for this kind of research can be produced by the MRS within a matter of weeks.

The bad news is that even if some major changes are found to be possible and desirable, they will still have to be sold to the clients, and no one should underestimate the difficulties there. Still, one problem at a time. If we can provide a blueprint for testing the value of the present socio-economic classifications and possible alternatives, we will have made a significant step forward. Theorists may never be entirely welcomed by the business community, but their reception gets warmer when their theories are supported by hard, relevant and money-saving facts.

## SUPERMARKETING

## Key Markets' flutter with the butter

BY MICHAEL THOMPSON-NOEL

WHAT WAS it the man said about flanking warfare and the marketing mode? About beating the market leaders to the punch and relying on the impact of tactical surprise? Carl von Clausewitz may not be required reading on the management courses organised by Key Markets, the 125-store supermarket chain owned by Fitch Lovell. But the old general would have admired the means by which Key Markets determined not to be crushed, like an almond in a nutcracker, by the battalions at Tesco, Sainsbury and Asda—has nipped in and out of the High Street fray, surprising its much bigger rivals with a bazooka shot here, a grenade attack there.

According to Key Markets managing director David Caulfield, it was Key Markets, not Tesco, that initiated the High Street price war two years ago—beating Check-Out, by six months, with its Key Markets Kops campaign and its policy of deep price-cutting on 163 of the biggest-selling grocery items.

Key Markets was hurt by the price war between the majors, and had to spend heavily on advertising and promotion to staunch a loss of profits. But since March it has come roaring back with a novel promotion, Cash Bingo, which according to Mr. Caulfield brought in 500,000 extra customers a week during its 12-week run and has given Key Markets a 15 per cent increase in sales volume with no reduction in net profit margins.

After a break of a week, Cash Bingo was succeeded, on June 2, by a second promotion, Double Bingo, which will run until September 1. During Cash Bingo, more than 100,000 customers won prizes ranging from 50p to £5,000. The total pay-out was £125,000. The current promotion is expected to cost £150,000 in

# Kops clock biscuit prices

McVitt's Choc. Biscuits 24p  
McVitt's Choc. Biscuits 24p  
McVitt's Digestive 24p  
McVitt's Rich Tea 1.19p  
Crawford's Cream Crackers 1.19p  
Crawford's Digestive 1.19p  
McVitt's Rich Tea 1.19p  
Rymer's 1.19p  
Jock's Club 1.19p

Key Markets. 163 knock-down prices every day.

The Key Markets Kops campaign (left) has given way to the glamour of bingo at the checkout, boosting sales by up to 15 per cent.



In the U.S., Safeway runs Million Dollar Bingo. Grand Union has Shoppers' Spree Bingo and A & P offers A and P Bingo. Prizemoney can total \$1m over a 13-week period.

David Caulfield claims that the £450,000 prize money allocated to Key Markets' bingo games this year wouldn't even reduce the price of a can of beans by a quarter of a penny, and he is quick to maintain that Key Markets wouldn't turn to a gimmick like bingo if it wasn't confident that its customers offered, in quality, service and prices they want.

Five years ago Key Markets had 350 stores (all in the South), with an average square footage of less than 4,000 sq ft. It has slimmed the chain to 125 stores, but with an average size of 8,500 sq ft, a figure that will rise to 10,000 sq ft by next year. Current sales are in excess of £200m a year. It has extended its range to an average of 5,000 items per store and introduced 108 in-store off-licenses, 22 in-store bakeries and 15 fresh fish boutiques.

In the time-honoured prose of PR, shoppers' bingo has already brought a little extra into customers' lives: "People like 30-year-old housewife Barbara Cotton of Reading whose £1,000 win at Key Markets' Tilehurst store enabled her to have longed-for driving lessons, or £5,000 winner Janet Howell of Yeovil who paid off the mortgage on the family home. Then there was senior citizen Frances Royan of Shoreham, Sussex, whose £100 win enabled her to buy a modern heating oil, £100 for Seattle Thompson of Maidstone meant a new outfit and a bit put by to help pay the bills." Gen. von Clausewitz would have been pleased.

winnings and a third promotion later this year will take the total pay-out to around £350,000. Add in another £200,000 for running and promoting these bingo games and you see how Key Markets has switched its emphasis this year from advertising to promotion. Its A and P budget for 1979 will total £15m, but whereas by this time last year it had already spent around £250,000 on advertising, via Young and Rubicam, so far this year it has spent only £100,000.

But bingo? Aren't there enough opportunities for the populace to gamble itself into a stupor without bringing in flutters of this kind? Setting aside Cash Bingo's remarkable performance in propelling so many extra customers through the till, Key Markets points out that its game is not a gamble because it's free. All you have to do is walk through the check-

out, whether or not you have made a purchase. (In the first weeks of Cash Bingo, this encouraged numerous customers to whizz round and round and round, getting a free go as they went, but this new form of self-employment has apparently died out.)

John Player's Spot Cash promotion—relaunched in May after a Court of Appeal ruling—is still under a small cloud of uncertainty and may finish up in the Lords, but Key Markets says it is as certain as it can be that its own promotion is entirely lawful and that it has heard not a murmur of dissent from the powers that be.

The bingo idea came from the U.S. last September, by which time, says Mr. Caulfield, the British housewife was bored with the price war and ripe for something different. Shopping games, particularly bingo and

## New sweep at McCann

OBSERVERS of the advertising scene will be interested to know that Ann Burdus, the first woman chairman of a major London advertising agency, is composed and well and busily

restructuring the tiers of top management at McCann and Company, the £70m advertising group whose chairmanship she inherited in April following the abrupt departure of Nigel Grandfield to Saatchi's, writes Michael Thompson-Noel.

Cool and elegant and sipping white wine, Ms. Burdus explained this week why she is determined to build Harrison McCann the McCann group's second-string agency, into a major force over the next 18 months. Currently it bills £10m. The plan is to boost it to at least £20m by the end of 1980.

With that in mind, chairman Burdus is switching Ron Bazeley, currently vice-chairman of the main agency, McCann Erickson, to Harrison McCann in September where he will be chief operating officer and deputy chairman. John Adams, formerly regional manager of McCann Erickson in Chicago, has already been appointed managing director, and David Maslin and Reg Starkey, recent departures from the shop that bore their name, have been named twin executive creative directors.

The main aim in mind, apart from fostering continued profits growth, is to provide sufficient challenge, across the group, to retain top people. "We decided to boost Harrison because unless an agency is operating at a certain size it can suffer from a lack of resources," said Ms. Burdus. "As you grow, the key problem is how to keep your best people."

There has been much to-ing and fro-ing in Howland Street lately. According to Ms. Burdus: "There is always the concern for a particularly large agency that the best talent gets removed from the mainline business in order to manage over-large departments. In effect, we are implementing the decision we announced three years ago that we should operate out of three companies."

Harrison McCann was formed with the intention that it would become a full service agency capable of handling a wide range of accounts including packaged goods. In the event this development has not been as rapid as we anticipated. The current moves will redress the balance within the group."

Ron Bazeley, an account man par excellence, has played a leading role in McCann's new business growth over recent years. His current main account responsibilities include Coca-Cola, Kodak, Levi Strauss, Gillette, the Eggs Authority, the Milk Marketing Board and Prestige. Before he went into advertising he was a broker at Lloyds.

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fight against major public Billposting Companies, which are already under investigation by the Office of Fair Trading and Monopolies Commission. If you use posters, or have poster sites on your property, why not contact us. It could well benefit you considerably and help us reduce the monopolistic stranglehold of a few giant Companies.  
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37 Roland Avenue, Nuthall, Nottingham.

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## NOTICE OF REDEMPTION

To the Holders of

## OWENS-CORNING FIBERGLAS FINANCE N.V.

(now Owens-Corning Fiberglas Corporation)

## 9% Guaranteed Sinking Fund Debentures due August 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of August 1, 1971, as supplemented, providing for the above Debentures, \$1,000,000 principal amount of said Debentures have been selected for redemption on August 1, 1979, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, each in the denomination of \$1,000 bearing serial numbers with the prefix letter "M" as follows:

Outstanding Debentures with serial numbers ending in any of the following two digits:

Also Outstanding Debentures with the following serial numbers:

02	998	2198	3598	4998	6398	7798	9198	10598	11998	13398	14798	16198	17598	18998	19998
08	1198	2598	3998	5398	6798	8198	9598	10998	12398	13798	15198	16598	17998	19398	
138	1158	2558	3958	5358	6758	8158	9558	10958	12358	13758	15158	16558	17958	19358	
278	1498	2898	4298	5698	7098	8498	9898	11298	12698	14098	15498	16898	18298	19698	
418	1598	2998	4398	5798	7198	8598	9998	11398	12798	14198	15598	16998	18398	19798	
558	1698	3098	4498	5898	7298	8698	10098	11498	12898	14298	15698	17098	18498	19898	

On August 1, 1979, the Debentures designated above will become due and payable in each coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debt. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015 or (b) subject to any laws or regulations applicable thereto in the country of any of the following offices, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris, Zurich or the main offices of Bank Mees & Hope NV in Amsterdam, Kredietbank S.A. Luxembourg in Luxembourg and Banca Venetiana & C. S.p.A. in Milan. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due August 1, 1979, should be detached and collected in the usual manner. On and after August 1, 1979, interest shall cease to accrue on the Debentures herein designated for redemption.

Dated: June 28, 1979

## OWENS-CORNING FIBERGLAS CORPORATION

## NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF \$1,000 EACH									
24	707	742	862	905	1162	4455	5001	5446	6575
711	847	865	1169	3880	4999	5443	5485	6577	9467
									9628
									9811
									18294
									19723

# THE SECRET OF SELLING FRIDGES AS REVEALED BY CITROEN.

If ever there was a lesson on how to advertise refrigerator stockists, it's in the Car Distributors section of Yellow Pages.

There, you'll find virtually every car manufacturer running dealer ads similar to the Citroen ad shown here. In all 64 local editions.

Wouldn't their money be better spent on a few more dealer listings in magazines and newspapers?

In their experience, no.

Magazines and newspapers end up all too quickly lighting garden bonfires. And all that dealer advertising along with them.

Whereas Yellow Pages sits on every telephone subscriber's hall table every hour of the day, 365 days a year.

As a result, 12 million people

look in their local Yellow Pages each week\* to find out where to buy what they're already sold on.

If they're after Citroen, the answer's easy. But if they're after your brand of refrigerator, life's not so simple.

In the Refrigerator section of Yellow Pages, it's difficult for potential customers to tell which refrigerator dealers sell your brand. And all because you're not advertising them.

If you'd like to learn how little it can cost you to support your dealers in Yellow Pages, ring Thomson Yellow Pages Ltd.

You'll find us in Yellow Pages, under Advertisement Contractors.

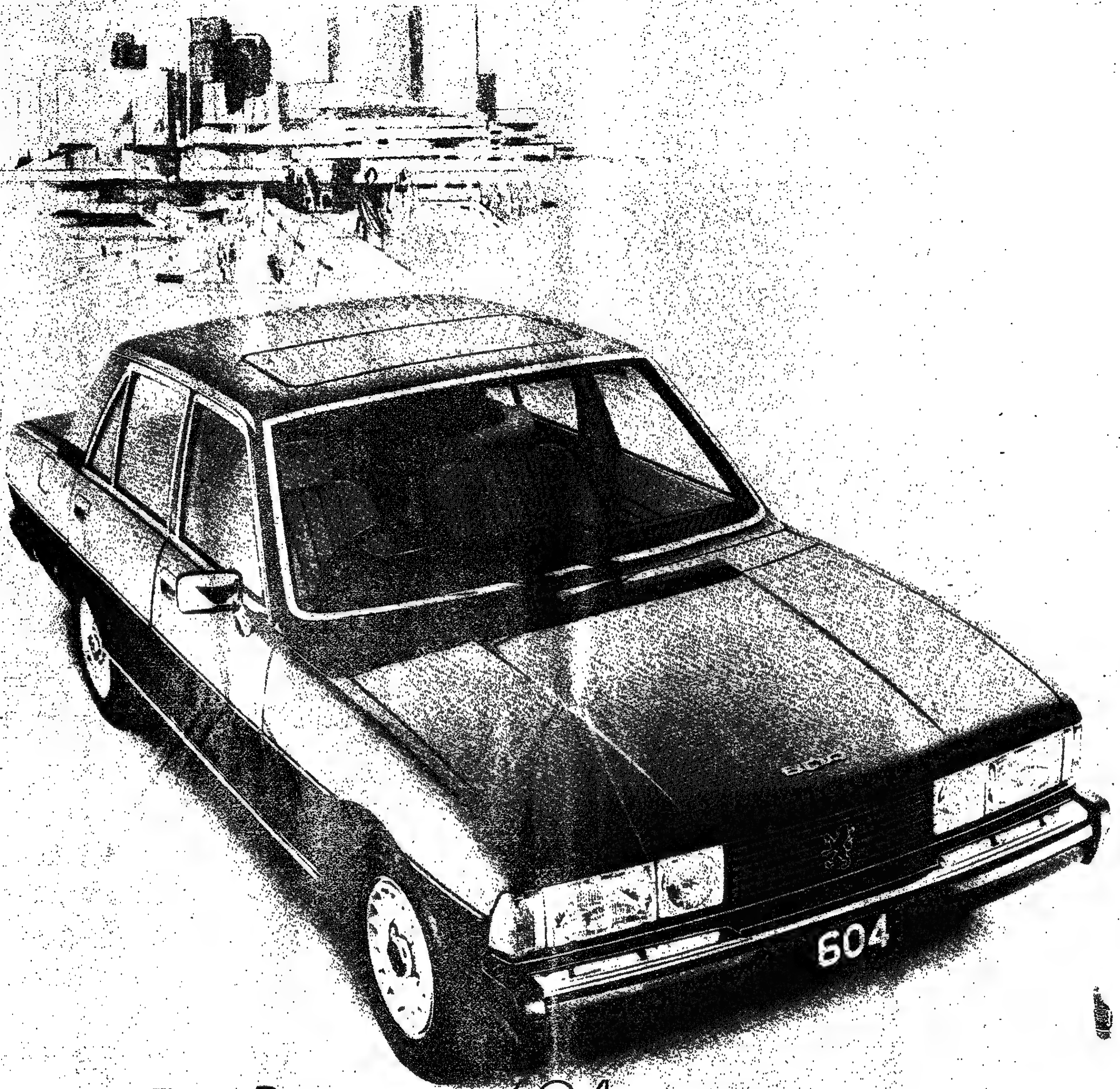
See how little advertising space that last paragraph cost us?

\* Independent research conducted by P.S.G.B.

Yellow Pages

Handwritten signature or mark.





# The Peugeot 604

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You would normally associate the exceptional space, comfort and luxury fittings of the Peugeot 604 with cars costing a great deal more. You would expect spacious leg and head room in a saloon of this size, thick pile carpets and a choice of rich velour or luxury leather upholstery.\* You wouldn't be surprised to find as standard tinted glass, electrically operated windows and sunroof, central door locking and power steering. You would want the power and performance of a 2.7 litre V6 engine to match an extraordinarily comfortable ride. And stringent quality control and in-built reliability should naturally be taken for granted. All these attributes come together in the Peugeot 604. And motoring correspondents have consistently rated the 604 streets ahead of its competitors. But what surprises everyone most is the price.

You can buy a 604 for less than many of its closest rivals. Altogether, the Peugeot 604 adds up to a car well worth your consideration. Any of our 250 dealers throughout Britain will gladly show you the car and arrange a test drive without obligation. We believe you'll be agreeably surprised.

Recommended retail prices correct at the time of going to press. From £8,117 for the SL Carburettor and from £9,248 for the TI fuel injection. Standard items include tinted glass, electrically operated sun roof and windows, power steering and centralised door locking. The TI price includes a 5-speed manual gearbox, lacquered metallic finish and electronic ignition. Automatic transmission, leather upholstery, air conditioning and headlamp wash/wipers are available as options. Prices include VAT, car tax and seat belts but exclude delivery charges and number plates.



Finance and leasing facilities available from Peugeot Finance. Anglo-French Finance Company Limited.



I am interested in the Peugeot 604. Please send me your information pack.

Name

Address

Tel.

Customer Relations, Peugeot Automobiles (U.K.) Ltd., 333 Western Avenue, London W3 6RS. Tel: 01-603 2331.







## Scottish Engineering Employers' Association Director

to succeed the present Director who retires in April, 1980; and to consolidate on his achievements.

The Association is the Scottish member of the Engineering Employers' Federation and serves the interests of 430 member firms throughout Scotland. Its work covers the whole field of the employment and management of people and the representation of its members' interests.

The Director, as Chief Executive of the Association, manages the day-to-day affairs of the Association and, as a principal representative of the engineering industry in Scotland, is regularly involved with the EEF in London and with the CBI and others in Scotland. Representing the Association's interests to Government, politicians and the media is also involved.

Candidates must have at least ten years' industrial experience at senior level with substantial administrative and industrial relations involvement. Initial salary negotiable in five figures with car and benefits.

Please write—in confidence—to W. J. O. Michie, Ref. B.32575.

*This appointment is open to men and women.*

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14 St. Vincent Place Glasgow G1 2EU

## Managing Director Service Industry

UNITED LINEN SERVICES LTD., part of the rapidly expanding multinational PRITCHARD SERVICES GROUP, wishes to appoint a Managing Director. The company's principal plants in Basingstoke and Grangemouth are among the most modern in Europe and its turnover exceeds £3m. The main task is to apply rigorous control methods to increase profitability and to strengthen the company's share in the fast-growing textile and workwear rental markets.

Candidates, aged mid-30s to mid-40s, should be graduates or professionally qualified. They must have successful results-oriented general management experience in a high-pressure environment, either a service industry or one with similar characteristics of deadlines, cost control and tempo. Starting salary £15,000, bonus possibility; car and usual benefits. Location Basingstoke.

Please write with relevant career/salary details—in confidence—to S. W. J. Simpson ref. B.38321.

*This appointment is open to men and women.*

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## Financial Executive London based

This is a career opportunity for a young qualified accountant to join the European staff of a US-owned multinational corporation with industrial interests world-wide; sales \$6,700m. in 1978.

Working from London, this executive will visit subsidiary companies in Europe and elsewhere to conduct in-depth examination of the company's finances and operational efficiency. This is a newly created vacancy within the Corporation's highly sophisticated corporate international audit division. Successful executives can expect promotion into line management.

Candidates, aged 23 to 30, should be qualified accountants and must be able to speak French or German; employment in commerce/industry an advantage.

Five-figure salary negotiable, comprehensive fringe benefits, excellent career prospects.

Please send career details—in confidence—to Dr. E. A. Davies ref. B.40359.

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## GROUP INSURANCE MANAGER

£10,000 p.a.

A well-known international Company wishes to appoint a Group Insurance Manager for its in-house Broking Company based in W1. The Group maintains its own Captive Insurance subsidiary and is in the process of expanding further into the insurance and broking business.

The duties will include the supervision of the placing of all Group insurance risks, periodic insurance inspections and the settlement of claims, both with the Captive and with other insurers. There will also be opportunities to participate in the development of the Group's insurance expansion.

The successful candidate, man or woman, is likely to be FC11 or AC11 qualified and registered by the Insurance Brokers Registration Council under the Insurance Brokers (Registration) Act. Applicants should also have had several years' experience in an executive capacity in the Insurance or Broking Industry, preferably with direct knowledge of Captive Insurance Companies.

The salary for the post is £10,000 p.a. A Company car is provided together with a full range of fringe benefits.

The appointment represents an opportunity for an individual with proven ability and flair in this particular field to further a career providing a good measure of job satisfaction within an expanding Group of Companies.

Candidates should write giving full career and personal details to Box A.6816, Financial Times, 10 Cannon Street, EC4P 4BY.

## Financial Public Relations

BURSON-MARSTELLER are seeking a senior PR executive to take overall charge of their growing financial division.

This is a chance for someone who works in a specialist PR consultancy in the City of London and feels ready to take overall charge of a group of accounts within one of Europe's largest PR operations.

This is NOT a job for a corporate man with some City knowledge. It is a job for a financial specialist.

The successful applicant is likely to be over the age of thirty, have spent a minimum of five years working on City accounts, probably in one of the leading financial consultancies.

Please write in confidence to:  
Reginald Watts, Chairman,

**Burson-Marsteller Limited**  
25 North Row, London W1R 2BY



## FINANCIAL CONTROLLER

c.£7,000 plus company car

An autonomous marketing sales and R & D company, part of a multinational group, requires a qualified accountant capable of organising and producing management accounts, costings, controlling through his staff sales and purchase ledgers, debtors, foreign exchange transactions, quarter end and year end balance sheets and capital project evaluation. Age c.30 preferred, to join a young team who clearly see growth opportunities using unique technologies orientated towards energy economy in the building market.

Telephone Mrs. A. Masters,  
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Hitchin SI2812

## COMPANY SECRETARY

Public company Circa £12,500  
Northamptonshire + car and benefits

Chamberlain Phipps is a diverse international group of companies. The Company Secretary retires in approximately 12 months' time and a successor is required. The normal range of secretarial duties is involved, including insurance and property both for the parent company and its subsidiaries, as well as the control of certain Group Service functions. A thorough knowledge of current legislation is necessary.

Applicants must have several years of relevant experience. The preferred age group is 35 to 45. Applications should be sent in strict confidence to:

B. H. Chamberlain, Chief Executive,  
CHAMBERLAIN PHIPPS LIMITED,  
Wood Street, Higham Ferrers,  
Wellingborough, Northamptonshire.

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Personnel Manager

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## Deputy Taxation Manager

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Our client is a major international oil company, with important interests in the North Sea.

It wishes to appoint a Deputy to the UK Taxation Manager who will participate in reviewing and interpreting tax legislation, and making recommendations to management on appropriate action. Taxation planning for the UK group and negotiations with the Inland Revenue will also be important responsibilities.

The person appointed will be a graduate who has subsequently qualified as a chartered accountant or lawyer or acquired experience at a senior level within the Inland Revenue. A minimum of 3 years' post qualification experience dealing with the taxation of large groups of companies is regarded as essential.

This is an outstanding opportunity for career development within one of the world's foremost corporations. The position is open to both male and female candidates.

Please reply in confidence, quoting Ref. US32/FT, giving concise personal and career details to D. E. Shellard — Executive Selection.

**AMS**

Arthur Young Management Services  
Folts House, 7 Rolls Buildings  
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## INTERNATIONAL AUDIT

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London Base 65% overseas travel

As a result of recent promotions J. Ray McDermott Inc., one of the world's largest energy services groups, seek several high calibre accountants joining initially in the Corporate Audit Department.

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In this instance interested applicants should apply direct to our clients. Please telephone:

MARY EVANS on 01-493 7474

or write to  
J. Ray McDermott Inc.  
46 Mount Street  
London W1Y 5RD

## Michael Page Partnership



## GROUP FINANCIAL ACCOUNTANT

c.£7,500 + Car + benefits WORCESTER PARK, SURREY

Our client is a very profitable, largely autonomous, £20 million turnover manufacturing group, part of a major international corporation. The position arises through the promotion of the present incumbent to Finance Director of a major subsidiary. Situated in a new head office he will be a member of a small team of group executives. The position will entail the preparation and interpretation of financial statements, profit planning, cash forecasting, group consolidations and the development of financial reporting systems. This is a particularly challenging appointment in an expanding group with resultant career advancement opportunities.

Applications are invited from qualified accountants with personality, presence and the willingness to become an integral part of the management team. Relevant experience in manufacturing would be particularly advantageous.

Applications in strict confidence to R. J. Welsh

Reginald Welsh & Partners Limited.

Accountancy & Executive Recruitment Consultants  
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

## Jonathan Wren - Banking Appointments



### LENDING OFFICERS

to £12,000

Our client is a major international bank, long established in London. Due to expansion, there are vacancies for ambitious bankers, aged preferably in their late 20's, in a number of the bank's marketing groups. Ideal candidates will be qualified (degree and/or A.I.B.), with a sound grounding in credit analysis and a minimum of one year's experience in the marketing of credit services. As the positions will entail some travel, the bank would particularly welcome candidates with ability in a foreign language.

Please contact ROY WEBB

### FOREIGN EXCHANGE ADMINISTRATION

£4,000-£7,000

There is at present considerable demand among our international banking clients for candidates with experience at various levels in Foreign Exchange administration. Among the more urgent assignments in this area are Positions Clerks at £4,000-£5,000, young people with settlements experience at up to c. £4,500 and a Department Head, Settlements at £7,000.

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c.£5,000

A U.K.-based bank has a vacancy for a young person (aged early 'mid-twenties') with a clearing bank background. The ideal applicant will have securities experience from within a branch and/or local head office, with both personal and company knowledge. The position will offer training in International Corporate Finance with the accent on Syndicated Lending.

Please contact RICHARD MEREDITH

First floor entrance New Street  
170 Bishopsgate London EC2M 4LX Tel: 01-623 1266



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Our assignments include investigations and the design and implementation of a wide range of accounting and information systems. The scope of the work is enormous, covering all the functional areas of the business environment. Many of the assignments are undertaken by teams of specialists, with accountants working alongside economists, computer and marketing specialists.

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Qualified accountants with at least two years' line accounting experience and graduate level intelligence are required. Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A. C. Crompton quoting reference 802/FT on both envelope and letter.

**Deloitte Haskins + Sells**  
Management Consultants

128 Queen Victoria Street, London EC4P 4JX



## cost accountant

Digital has become a global company doing business all over the world. Digital's computers and associated products are a direct result of the unfettered imagination of more than 40,000 employees. Digital Holland now has 415 employees.

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The objective of the cost accountant is to act as consultant to the E.L.R.C. manager on all major business issues.

Job contents: □ cost centre budgeting, □ forecasting, □ cost analyses, □ customs and duty, □ efficiency and productivity reports, □ material handling.

This opportunity is a real challenge for the person with the right qualifications and experience.

If you qualify, please send a complete curriculum vitae to: Digital Equipment b.v., Kaap Hoofdreef 38, 3563 AV Utrecht, to the attention of H. Verhoeven, Personnel Department. Tel.: (030) 631222.

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## CHIEF ACCOUNTANT

Rapidly expanding international company based in London has immediate opening for qualified hard-working accountant with relevant experience in trading and construction service companies. Must have degree in accounting. Responsibilities include books of account through financial statements, preparation of budget and management reports. Salary from £8,000 p.a. depending on qualifications and experience.

Send resume to:

**Aegis U.K. Construction Services Ltd.**  
Flat 5, 3 Hans Crescent, London, SW1

## Banking Appointment FOR Public Finance Specialist

A leading Accepting House wishes to recruit an executive to work on their international public sector advisory business. The successful candidate will be in the age range 25-30 with experience of working in a finance ministry, central bank or international organisation. While an economics degree is not a pre-requisite it is expected that applicants should be thoroughly familiar with both the economic and financial techniques applicable in this area. The post is a demanding one which will provide exceptional opportunities in a rapidly growing business for the right candidate. Salary and benefits will be highly competitive.

Write Box A.6813, Financial Times, 10 Cannon Street, EC4P 4BT.

## European Financial Controller

West Midlands

Our client, a substantial subsidiary of a US parent wishes to appoint a financial controller for their European headquarters operation based in the West Midlands.

The position, ultimately reporting directly to the US international controller, entails responsibility for the total financial function including the self-accounting operating companies based in Europe. Responsible to the controller is a team of accounting personnel whose role includes the supervision of local accounting functions in individual countries and the presentation and interpretation of management reports and financial statements for ultimate consolidation.

This is a long term appointment and candidates, who must have a financial accounting qualification, are likely to be at least in their mid-thirties. Applicants must have experience of operating at a senior level within an international company. A good working knowledge of French together with a willingness to undertake periodic visits to Europe are essential.

The remuneration package which will be negotiated, will be of interest to applicants currently earning in excess of £10,000 and will include the use of a quality car. Assistance will be given towards relocation expenses, where appropriate.

Write or telephone in confidence for a personal history record form, quoting reference: MCS 1679 to C. L. Whitson, Executive Selection Division Livery House, 100 Edmund Street, Birmingham B3 2JB. Telephone 021-236 5011.

**Price Waterhouse**  
Associates

## Managers

— Leasing Company — Inner London  
— Subsidiary of major Clearing Bank

Due to expansion, the leasing subsidiary of a major Clearing Bank wishes to recruit new managers for its main office situated in Inner London.

### Project Manager

The successful applicant will join a small team of senior leasing officials specialising in high value leasing transactions. A legal training is necessary, either as a barrister or as a solicitor, with post-qualification experience in a leasing company or other financial institution. Preferred age: late 20s or early 30s.

Remuneration will be around £12,500 with good additional benefits.

### Marketing Managers

Experienced leasing executives are required for handling medium sized leasing transactions in the industrial plant and equipment section of the industry. You must be able to work on your own initiative and to communicate with senior officials of major companies.

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These appointments are open equally to men and women.

Please reply in the first instance to: Box No. A.6804, The Financial Times, Bracken House, 10 Cannon St, London EC4P 4BT.

## Financial Control

C.A. c28 c£9000

Our client's business comprises an unusual diversity of enterprises, each with considerable autonomy. The small headquarters team concentrates on making and exercising policy in key areas.

The opportunity arises to join this central team, with the chance of moving later to a senior 'line' post in financial or general management. Applications are invited from Chartered Accountants in their late 20s, confident that they have the ability needed to operate at Group level in a large business and preferably already having two or three years post-qualifying experience in commerce or industry.

Starting salary will be around £9000, depending on experience. Company car and excellent benefits including non-contributory Pension. Central London location.

Please reply, in strict confidence, to Peter Bingham & Partners, Personnel Consultants, 9 Curzon Street, London W1Y 2FL, giving full career and personal details.

**Peter Bingham & Partners**

Our client is the expanding subsidiary of a major international Company, with a turnover in excess of £8m.

## FINANCE AND ADMINISTRATION MANAGER

The successful candidate, male or female, will be a qualified accountant with a flair for organisation and administration and with experience in a marketing organisation. Reporting directly to the Managing Director, his/her duties will include:

- Providing financial advice to the Managing Director
- Planning and managing the Company's financial and administrative affairs with a staff of 8
- Providing financial information for budgeting and marketing planning
- Providing effective personnel services to the Company and its departments
- Acting as Company Secretary

To meet the needs of planned growth they are looking for a

□ Maintaining close and effective working links with the International Finance, Legal and Administration Divisions

This many-sided job demands a person with flair and versatility able to contribute to the operation of the Company as a member of the Management Team. Salary is negotiable and a car is provided along with a very good benefits package.

Please write in the first instance, enclosing full personal and career details quoting ref no. 682 to—

Rosa M. Omrod, Mercuri Urval Limited, 135A, High Street, Rickmansworth, Herts WD3 1AR

ASSESSMENT

**Mercuri Urval**  
CONSULTANTS

## INTERNATIONAL BANKING

### INTERNAL AUDIT

One of the major U.S. banks seeks to augment the team responsible for the auditing of its activities in the U.K., Europe and the Middle East. This demands sound banking experience, a banking/accounting qualification and a European language. In return, it offers excellent career prospects in one of the many areas of the bank's activities.

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Please telephone either Ann Costello or John Chiverton A.L.E.

**JOHN CHIVERTON ASSOCIATES LTD.**

31, Southamption Row, London, W1C2 1JL. 01-242-5941

## Credit Analyst

£10,000 - £12,000

A highly qualified Credit Analyst who preferably has experience of European as well as UK Company Accounts. Familiarity with the factors relating to the economic conditions of European countries and experience with analysis relating to Government borrowing will be an important factor. A training in American methods of analysis would be useful.

Age: 29-33.

This is potentially a career appointment in the London branch of an overseas bank of steadily increasing importance. It is intended that the successful applicant will be capable of heading up all the affairs of the Credit Department after a short initial working-in period.

For further details, write or telephone:

Myles Walker,  
**MSMS INTERNATIONAL LIMITED**  
Executive Recruitment Advisers,  
115 Mount Street, London W1Y 5HD.  
Telephone: 01-493 6807.

## Dealing Opportunity

Mabon, Nugent International Limited, a wholly-owned affiliate of Mabon, Nugent & Co., New York, members of the New York Stock Exchange and other principal exchanges, has opened a London office to expand its bond brokerage activity in Europe.

The firm would like to employ ambitious people with experience dealing in bonds, or other debt instruments. Candidates should have at least two years' experience; salaries are negotiable. Interested parties should contact Mr. Thomas S. Roeder, Managing Director. Telephone: 01-248 0876.

**MABON, NUGENT INTERNATIONAL LIMITED**  
6-7 Queen Street, London EC4M 1SP. Telex: 852307.

## European Administration Controller

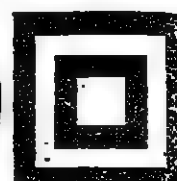
Based West London

to £15,000

We are seeking a high calibre administrator, male or female, 30/35, MBA, Chartered Secretary or qualified Accountant, having experience in international administration and finance or business planning, ideally acquired with a major US multi-national. Based at the European Headquarters, shortly to be relocated to West London, you will be responsible for the direction and control of regional administration, organisation and methods and contracts management in the UK, Belgium, France, Holland, Germany, Italy and Sweden. Linguistic ability would therefore be an advantage.

Publicly quoted on Wall Street, the Company is a world leader at the forefront of technology in the introduction of computer-aided design and manufacture, currently employing 165 people in Europe with a turnover of \$40m.

If you have the resilience and high work capacity essential in this position, please write briefly or telephone for an application form, quoting reference 600.



**Management Personnel**  
Recruitment Selection & Advertising Consultants  
York House Chertsey Street Guildford Surrey  
**GUILDFORD GU4 8JY 04831 64857**

## Senior Appointments

## GROUP MANAGEMENT ACCOUNTANT

£12,000 + CAR

This £23m T/O Multi-national Group with Head Office in Central London offers a qualified Accountant, 30-45, a new expansion appointment and opportunity to use initiative and leadership in management accountancy to improve standards within the group, assisted by and controlling qualified staff.

Non-contributory life assurance/pension, BUPA etc.  
Write or telephone in strictest confidence to I. M. Crichton

**ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS**  
41 London Wall, London EC2M 5TB - 01-588 5105

إلى إدارة



## New opportunities at Julian Gibbs

### 1. Overseas Department

We need a bright young person to manage our fast-expanding overseas department, which specialises in investment advice for expatriates. The ideal candidate will probably be between the ages of 27-35 with experience in a private client department in a stockbroking firm or merchant bank, in offshore funds or a Unit Trust company. Salary probably about £10,000 with incentive bonus. Generous holidays and some travel opportunities.

### 2. Sales Associates

Associates are required with good knowledge of the unit linked investment fields. We provide a substantial basic retainer, car allowance, a secretary and extensive technical support. We also provide new enquiries from our extensive advertising, together with introductions to some existing clients. Total remuneration will not be less than £10,000 a year; most of our Associates earn far more.

A proven record of success in the fields of investment, pensions, law or accountancy is essential. The ability to build up connections with professional advisers and associations would be an advantage. Integrity, attention to detail and recognition of business opportunities are other vital attributes.

### 3. PA to Managing Director

A Personal Assistant to Julian Gibbs is also required (three former personal assistants have been promoted within the firm) with at least two years' experience in a life office, unit trust group or stockbroking or insurance firm. Ability to act on own initiative and express himself/herself clearly and concisely is also vital. Initial salary about £6000 plus bonuses according to proven ability.

### 4. PA/Secretaries

There are also opportunities for experienced PA/Secs. to help our Associates. Ideally these people, who will be of above average ability, should have experience in handling bonds, unit trust and stock exchange investments on behalf of clients. Basic salaries are likely to be in the region of £5000 per annum plus bonuses which enable secretaries to earn £7000 to £10,000 a year or more.

All these appointments offer 4 weeks' holiday and free lunches are provided.

Please write to or telephone: Julian Gibbs or Annie Blackburn, Julian Gibbs Associates Ltd., 9 Manchester Square, London W1M 5AB. Tel: 01-487 4495.

These positions are open to male or female candidates.



### Job Search OPPORTUNITIES

- 75% of Executive Appointments over £10,000 p.a. are unpublished and go to those with the best contacts.
- As Europe's most experienced Job Search organisation we can provide you with all the facilities you need to build up contacts and locate your next employer.
- Our expert career advisory service is essential to executives who become vulnerable to the current fast changing market conditions.
- Telephone us for a cost free assessment meeting.

Percy COUTTS & Co.

01-839 2271

140 Grand Buildings, Trafalgar Square, London WC2.

### AUTHORISED DEALER

Partner member firm requires Authorised experienced Dealer. The position offered is interesting and would appeal to a forward-looking person.

Good salary and prospects. Please telephone on private line

01-588 7695

Strictest confidence observed

## SWAN NATIONAL

## FINANCIAL DIRECTOR

£15,000 + Car + Benefits

Swan National is a well established market leader with a dynamic growth record and employing over 1,000 staff and a fleet of over 14,000 vehicles on daily rental or lease. Current areas of operation include:-

- Short-term car and van rental from over 80 locations.
- Fleet vehicle leasing to business houses, industrial and commercial organisations.
- Petrol station ownership and development.
- Garages and workshops.
- Over 20 High Street retail motor accessories outlets.
- International vehicle rental management.

The Group has established plans for further growth in all areas and for the development of new business activities.

An essential factor at this stage of development is the appointment of a Financial Director to lead the financial and accounting functions but who will also, as a member of the main Board, contribute effectively to and be positively involved in the total business operations of the Group and its subsidiaries. This appointment should be viewed in this overall context as the appointment of a pure Accountant would be inappropriate.

This exceptional appointment demands both valid accounting qualifications and a successful track record which must include real exposure and broadly based responsibility gained at a senior level in a dynamic and challenging commercial or industrial environment. Age is not a restrictive factor at either end of the usual barrier. London base. This appointment is open to men and women.

Please write fully in confidence to:-

F. H. Aldous Esq., Managing Director,  
SWAN NATIONAL LIMITED  
305/307 Chiswick High Road, London W4 4HH.

## Credit Officer

### Africa Region

Bank of America is seeking an experienced Account Officer to strengthen its regional management team responsible for marketing the Bank's full range of international financial services to local and multinational clients in Africa. Headquarters will be London or Paris, and substantial travel in Africa is involved.

Applicants should be graduates or MBAs aged 27-35 with at least 5 years' experience gained in commercial banking or other relevant financial disciplines. A high level of marketing, negotiating and financial analysis skill is required, together with a record of significant professional achievements. Experience of African markets is essential, as is French language fluency.

Salary will reflect qualifications and experience, and other conditions of employment are in line with best banking practice, and include favourable loan facilities and non-contributory pension.

Write in strictest confidence with comprehensive personal, salary and career details to: G. L. Hope, Bank of America NT & SA, Personnel Planning & Recruitment, 25 Cannon Street, LONDON EC4P 4HN.

**BA** BANK OF AMERICA

## Business Systems Manager

Up to £11,000 + car

Our clients are the U.K. subsidiary of an international group. Their Company operates a vigorously expanding business in the chemical, pharmaceutical and associated industries.

Based west of London they wish to appoint a Manager to lead their Business Systems team. Professionally qualified candidates should offer in-depth experience in one or more of the functional areas of management services e.g. O & M, Operational Research etc. and including:-

- Planning and control of assignments
- Systems specification and design

- Organisational theory and practice
- Functions of machinery (including computers and peripherals)

In addition to the above, knowledge of a service industry environment with experience of distribution, finance and transport services would be a distinct advantage. Please send your curriculum vitae to J. C. Cartwright at the address below in strict confidence, or telephone 01-437 2515 (24-hour live answering service) for a personal history form quoting reference number 314.

**Lunan**  
Management Selection Division

T. D. A. Lunan & Associates Limited,  
1, Old Burlington Street,  
London, W1.

## Young Qualified Accountant

Beds/Herts Borders

to £8000

Our client is already the market leader in one of the most exciting sectors of the service industry, operating extensively in the U.K., Europe and the Middle East. Plans are in hand to expand its operations and a young Qualified Accountant is now needed to be responsible to the Company Secretary for the accounting and management reporting functions. Extensive systems development is required to handle the increased work-load and consideration is being given to installing a computer later this year.

This is an ideal opportunity to develop commercial experience and business awareness and as the company is part of a large public group, career prospects for someone with potential and ability are considerable.

Applicants should apply for a Personal History Form, quoting Ref. No. AC239/FT to:

W.S. Gilliland,  
Thornton Baker Personnel Services Limited,  
Fairfax House, Fulwood Place, London WC1V 6DW  
Telephone: 01-405 8422.

A member of the Management Consultants Association

Personnel and Industrial Relations Consultants

## Kingston RMC

### CORPORATE AND BUSINESS DEVELOPMENT

The Kingston Regional Management Centre is using educational processes as a means of developing businesses and improving the performance of private and public sector organisations. This involves helping senior managers of client companies to identify and solve problems which affect business growth and performance in their own organisations.

Applications are invited for a post as  
**CORPORATE AND BUSINESS DEVELOPMENT ADVISER**

to assist with the work which includes the promotion of management development programmes for general managers. Candidates ideally should have spent some time in management consultancy in addition to experience in general management.

Salary will be in accordance with the Principal Lecturer range, £7,047-£8,544 (under review) plus £337 London allowance. A limited amount of private consultancy will be encouraged.

Informal enquiries to Adrian Buckley, the Director of the Centre, on 01-842 8965 ext. 200.

Further details and application forms (to be returned as soon as possible) from Academic Registry, Dept. AO, Kingston Polytechnic, Penrhyn Road, Kingston upon Thames KT1 2EE. Tel: 01-549 1368.

### SALES EXECUTIVE

**FINANCIAL WEEKLY** is seeking a self-motivated sales executive to sell financial advertising to a wide range of public companies. The successful applicant must be able to deal with people at senior level. A keen interest in the stock market would be an advantage.

Negotiable salary; other benefits include a company car, pension scheme, free life insurance and bonus.

If you would like to grow with this successful financial weekly, please write or telephone:

Brian Coleman-Smith, **FINANCIAL WEEKLY**  
9 Holborn, London EC1N 2LL - 01-405 7254

LATE NIGHT OPENING THURSDAYS TO 8 P.M.  
AT OUR PERCY STREET OFFICE  
CITY OFFICE OPEN UNTIL 5 P.M. DAILY

### ACCOUNTANT

North West Surrey

Our client, a well-established and expanding Imports Company dealing mainly in high-value control equipment, are looking for a qualified Accountant. The successful candidate will report to the Financial Director and be responsible for Financial Accounts, Budgets, Forms, Costing and Insurance. Good prospects are available.

For interviews, please telephone  
**DUNLOP & BADENOCH LTD. (Apt.)**  
31 Percy Street, W1 01-323 0886  
25 Lime Street, EC3 01-623 3544



## Young ACA - First Move

Bucks

c. £7500

Successful growth, acquisitions and diversification of a major subsidiary within a leading international group have combined to create this new position. Reporting to and working closely with the Group Financial Controller, you will be involved in many aspects of group reporting, accounts preparation and review and associated investigations. You will also have responsibility for the consolidation of subsidiaries accounts, financial planning and the review of proposed acquisitions.

Although your qualification and a good professional or industrial background are essential, more important still are the personal qualities you will need to succeed. Energy, self-motivation, ambition and flair should be combined with real management potential and a genuine desire for total involvement.

Please telephone or write quoting Ref. RG 2382.

**Lloyd Chapman Associates**

125, New Bond Street, London W1Y 0HR 01-499 7761

## Financial Director

North Yorkshire

c. £20,000 plus car

Our client, a progressive medium sized company involved in the manufacture of industrial and agricultural steel-framed buildings, wishes to recruit a Financial Director.

The Financial Director will be responsible to the Managing Director for administering and developing the financial and management accounting functions, the computer facilities and systems, and for the preparation and interpretation of management control information.

Candidates, who must be Chartered Accountants aged between 35 and 42, should have commercial experience of modern management accounting techniques, data processing, the ability to operate effective financial and management information procedures and also be capable of making a positive contribution to the management of the business. Accounting experience in the structural steel industry will be an advantage.

Salary negotiable around £18,000 and additionally a bonus scheme is in operation. A company car is provided and re-location expenses will be reimbursed where appropriate.

Interested candidates are invited to write for an application form to Dennis Tyson, Executive Selection Division, Sun Alliance House, Newentle-upon-Tyne, NE8 9PL, quoting reference MCS/20.

**Price Waterhouse Associates**

## CAREER OPPORTUNITY

## MILLIPORE FINANCIAL MANAGEMENT

Millipore Corporation, a high-technology growth company operating in the field of critical separations technology, markets in Europe through a series of nine wholly-owned subsidiary Companies. The opening of a new, Paris based Headquarters location is planned for September 15th.

It is desired to strengthen the European financial function by the immediate appointment of a high potential, younger, professional financial analyst. This will be a staff appointment at the Headquarters location.

A recognized accountancy qualification will be an advantage, but is by no means essential. More significant emphasis will be placed upon business acumen, an understanding of profitability, and previous experience in a multi-national working environment. Fluency in the English language is a prerequisite. Fluency in French will be an added advantage. Relocation expenses will be paid, and an initial salary of some 33,000 dollars/annum equivalent is envisaged.

Candidates should make a detailed written application in English to: Mr. George Churchill, European Controller, Millipore S.A., Z.I. 67120 Molshem, France. Interviews will be conducted in London and in Strasbourg.



## Financial Analyst

The Financial Control Department of Grindlays Bank—a British based international bank with its Head Office in London and associates or subsidiaries in 36 other countries—is looking for a young ACMA to strengthen the Bank's management accounting function.

The accountant will be expected to contribute to the further development of management information systems and Group accounting policy and will also be involved in costing, profitability studies and pricing over a range of the Bank's services. There will be close liaison with members of Senior Management.

Promotion prospects are excellent within the financial function and there could also be openings within banking departments, both in the U.K. and overseas. Applicants, men or women, should ideally be graduate ACMAs with post qualification experience in commerce or industry. Salary will be competitive with excellent benefits and conditions of services, including subsidised mortgage and non-contributory pension schemes.

Please write with full career details to:



Mrs. S.M. Baxter Moore, Assistant Manager,  
Group Appointments, Grindlays Bank Ltd.,  
36 Fenchurch Street, London EC3P 3AS.

## Chief Internal Auditor

Abbey National

c. £14,500  
+ excellent benefits

Responsibility is for the internal audit of both the branches and the central systems of one of the world's largest building societies. It has over 555 branches and is expanding rapidly.

The division, with over 70 staff, will have clearly defined independence and authority with a high degree of autonomy.

This is a new appointment which reflects the increasingly diverse needs of a large and expanding organisation.

Candidates must be qualified accountants aged over 35, with substantial experience of

auditing larger financial or banking institutions and of managing audit teams. A good knowledge of the audit of computer based systems is essential. The career prospects and fringe benefits are considerable.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Dr I. F. Bowers quoting reference 809/FT on both envelope and letter.

**Deloitte  
Haskins + Sells**  
Management Consultants

128 Queen Victoria Street, London EC4P 4JX

## MANAGER INTERNATIONAL OPERATIONS EXECUTIVE

required with at least 5 years' experience of bank card operations, cash dispensers and point-of-sale terminals. Good knowledge of electronic technology. Experience in marketing as well as proven responsibility for development and implementation of projects in the areas described above. Fluency in English and at least one of the following: Swedish, German, Spanish, French. Knowledge of any other language an asset.

BASED IN LONDON  
Write Box A.6820  
Financial Times  
10 Cannon Street, EC4P 4BY

## FINANCIAL DIRECTOR DESIGNATE/PA

to the managing director of a rapidly expanding group of companies in industrial electronics.

The successful candidate will probably have been a high flyer in the auditing profession, have had wide exposure to costing and material control techniques and have a sound grasp of company and tax law principles. The group has international associations and overseas travel will be involved.

An exceptional individual is required and there will be quite exceptional rewards.

Apply in confidence to Box F.1120, Financial Times, 10, Cannon Street, EC4P 4BY.

## Bamford Business Services Limited

### 3 CHIEF EXECUTIVES

Bamford Business Services, a Sheffield-based consultancy group, was formed only a year ago and is growing very rapidly. It is backed by substantial City funds and has developed two associate companies, Bamford Mergers Limited and Bamford Investments Limited. The group provides a unique management and financial service to both large public and small private companies.

There is now an urgent need for three first-class chief executives and top salaries will be paid.

Work is concentrated in the following fields:

- Short- or long-term management of operations in an executive or non-executive capacity
- Company doctoring
- Tax, estate and financial planning
- Business audits
- Corporate planning
- Finance funding
- Merger broking

The new appointments are:

#### Chief Executive Bamford Business Services

30-45 years.

To lead the rapidly-expanding BBS consulting team in working closely with the top management of large and small firms. Must be 'results' not 'report' orientated.

All applicants must have the qualities of high intelligence and unchallenged integrity and demonstrate a highly successful performance in their careers to date.

Senior experience in both general management and financial consultancy or merchant banking are a pre-requisite; degree and accountancy qualifications or MBA will enhance applications.

The selected candidates can expect to receive challenges which will stretch their abilities to the maximum and the financial rewards will match their contributions. There are attractive fringe benefits and generous relocation expenses.

Applications, specifying the appointment sought, should be sent, together with detailed CV, to:

**H. R. Sykes,**  
Chairman, Bamford Business Services Limited,  
Bamford Mill, Bamford, Sheffield S30 2AU

## Group Financial Controller

South West, c. £12,000 + car

This small expanding Public Group of companies whose activities are mainly within the Construction and Engineering Industries has recently been re-structured to allow greater autonomy to operating subsidiaries. Such strategy makes it imperative that Management Controls and Group Accounting systems are of a high standard and therefore the appointment of a Controller as a principal assistant to the Managing Director is critical. Applicants, Chartered Accountants aged 32-45,

must have had a total accounting experience in both a Manufacturing Company and a Group Head Office. In addition to accounting development work, responsibilities will include consolidations, corporate planning, cash management, acquisition exercises and tax planning. Enthusiasm and commercial vision are required personal qualities in this key position. The salary is negotiable around £12,000 and benefits include generous relocation assistance.

R.D. Howgate, Ref: 27131/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:  
MANCHESTER: 061-236 8981, Sun Life House, 3 Charlotte Street, M1 4HB.

**Hoggett Bowers**  
Executive Selection Consultants  
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## Managing Director Engineering c £15,000

Our client is a successful and growing private company manufacturing a range of heavy equipment for mining and quarrying industries in the UK and overseas.

This post, reporting to the group board, carries full responsibility for the profitable running and development of the company.

Candidates will be qualified mechanical engineers with general management experience in heavy fabrication. Sound business acumen and financial awareness are vital.

Salary is negotiable, benefits are excellent and include removal assistance to a pleasant Midland area.

Please write to us, in strict confidence, giving details of age, experience, qualifications and earnings and quoting Reference L15.

**KTA Management Selection**  
96-98 Regent Road, Leicester. LE1 7DF

## The Bank of Bermuda Limited Legal Officer

The Bank of Bermuda is seeking an experienced lawyer for the legal section of its Corporate Trust Dept. The successful applicant will undertake legal activities arising from the Bank's local and International Trust and Banking services. He or she will be directly responsible to our Senior Legal Officer and will also work closely with the Bank's Bermudian and overseas counsel.

Applicants should be either solicitors or barristers probably aged between 28 and 35, with a minimum of 5 years' experience in private practice or commerce since qualifying; they will have specialised in trust or banking law in an international context. The position demands a mature and practical approach with the ability to communicate at all levels. A high degree of self-motivation is essential.

The Bank of Bermuda was founded in 1880 and is the largest Bank on the island. It has worldwide connections, including branches in Guernsey and Hong Kong.

An attractive salary commensurate with experience is offered together with excellent working conditions and employee benefits. Salaries are tax free in Bermuda.

Interviews will be held in London and qualified persons should submit a detailed resume not later than 18th July, 1979 to our London Representative Office:-

B. of B. (Europe) Limited,  
Grocers' Hall,  
Prince's Street,  
London EC2R 8AQ



**THE BANK OF BERMUDA  
LIMITED**

## Financial Director Engineering Industry

The newly constituted TI Gauge & Tool Limited (turnover £7m+) has two operating companies: TI Coventry Gauge, producing high-quality industrial gauges and measuring equipment at Madeley, Leicestershire and TI Matrix Tools, producing broaches, hobs and diamond tools at Leicester and Coventry.

Responsibility will be to the Managing Director for providing a systematic and efficient accounting and company secretarial service, together with assisting him in developing business plans and tactics.

Candidates, with a financial qualification and a proven record in financial and business management, should have a background in subsidiary operations control. Salary for negotiation: attractive benefits including company car and relocation help. Comprehensive written applications—marking your envelope D/P/S—should be sent, in confidence, to: J. R. Fussey, Managing Director, T.I. Gauge & Tool Limited, PO Box 39, Fleetchamstead Highway, Coventry CV4 9DA.



**TI GAUGE & TOOL**

## INSTITUTIONAL SALES

Breweries and Distilleries

FIELDING, NEWSON-SMITH & CO. have a vacancy for an institutional saleswoman to join their team giving a specialist service on breweries and distilleries to institutional clients. The successful candidate will be 24-30 and have at least 3 years' experience of institutional investment. Applications should be sent with a curriculum vitae to:

The Managing Partner,  
FIELDING, NEWSON-SMITH & CO.,  
31 Gresham Street, London EC2V 7DX.

## POLYTECHNIC OF THE SOUTH BANK LECTURER II in ECONOMICS

An Economist with a good quantitative background is required to teach on degree, sub-degree and post-graduate courses. Salary (currently under review) in the range: £4,575-£7,032

Further particulars and application form from the Staffing Officer, Polytechnic of the South Bank, Borough Road, London SE1 0AA. Tel: 01-528 5539.

## Finance Director Designate

Merseyside  
Salary up to £11,000

Company Car  
provided

This is an exceptional career opportunity for a talented and ambitious Chartered Accountant with the ability to control the accounting operation of a Merseyside-based construction company with around 1,250 employees and an annual turnover of about £20m. The company is part of a well-known national group.

Reporting to the Managing Director he/she will head a team engaged in the full range of accounting activities.

The company operates computerised systems. Ideally aged 35/45, must be fully qualified with previous senior-level experience in industry—preferably but not essentially the construction industry. The ability to develop and implement improved systems is essential together with the confidence and presence necessary to liaise with customers, professional bodies and other organisations at a senior level. As well as a salary commensurate with the responsibility of the position a company car will be provided together with the normal fringe benefits.

**PER**  
Professional & Executive  
Recruitment

Applications are welcome from both men and women.

## £6,000 accountancy appointments. £9,000

These advertisements appeared in the Financial Times on 19th June

Job Title	Salary	Location	Advertiser
Financial Controller and Co. Secretary	£8,500 + Car	South Wales	Whitney Murray & Co.
Qualified Accountant	—	Central Croydon	Hodges Chapman
Deputy Accountant	£8,800	City	Chartered Accountants
Manager	£9,000	NW London	Lloyds Syndicate
Group Accountant and Company Secretary	£9,000 + Car	South London	Personnel Resources Ltd
Financial Analyst	£9,000 + Car	—	Personnel Resources Ltd
Chartered Accountant	£9,000 + Car	—	Financial Times Box
Chief Accountant	£8,500 + Car	Hampshire Coast	No. A6803
Financial Controller	£9,000 Neg + Car	—	Mervyn Hughes Group
Financial Accountant	£7,500 + Car	West London	Quest Advertising Ltd.
Job Search Opportunities	—	—	Dunlop & Badenoch Ltd.
Financial Accountant	£19,000	Bermuda	Perry Coutts & Co.
Financial Accountant	£8,000 + Car	Bedfordshire	IPS Group
Management Accountant	£7,000	West London	John Willmott Group
Financial Accountant	£7,500 + Benefits	S. Suffolk	Peat Marwick Mitchell & Co.
			PER Chelmsford

These advertisements appeared in the Financial Times on 26th June, 1979

Job Title	Salary	Location	Advertiser
Group Management Accountant	£8,500	London based	Merican Curtis
Plant Accountant	£10,000 Tax Free	Saudi Arabia	Merican Curtis
Company Accountant	£5,000	Ipswich	Merican Curtis
Cost Manager	£7,000	Luton	Britannia Airways
Director and Chief Accountant	£9,000 + Car	Rural North Midlands	Bull Holmes Management Ltd.
International Credit Control	£Neg + Car	London	Reed Executive
Merchant Bank—Accountant	£7,500	—	Phone Roy Stockton—01-329-1836/7
Senior Lectureship in Accountancy & Finance	£8,182-£10,997	Dundee	University of Dundee
Corporate Finance Analyst	£8,000 + Benefits	—	Stephens Selection
Finance Analyst	£8,500	SW1	Stephens Selection
Young Chartered Accountant	£8,000	London	Combine Recruitment Consultants
Project Accountant	£8,000	Watford	The Personnel People
Chief Accountant	£7,750 + Car	Watford	Helmore Helmore & Co.
Accountants	£7,000	Channel Islands, Hong Kong	Insurance Personnel Selection Ltd.
Taxation Accountant	from £8,000 + Car	London	Lockyer, Bradshaw & Wilson
Senior Accountants	—	Sierra Leone	Sierra Leone Electricity Corporation
Chief Accountant	—	Sierra Leone	Sierra Leone Electricity Corporation
Investment Accountant	£5,500 + Mortgage Subsidy	Wembley	Cannon Assurance
Designate Director	—	—	—
Executive Appointments	—	—	—
Company Secretary/Financial Accountant	£8,000 + Car	Basingstoke	—

For further information see the FT of that date or telephone 01-248 8000 Ext. 526 or 01-248 5597

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## International Property Management Geneva

Our clients are a very large well established group of companies operating internationally in shipping, oil trading and in the construction industry. With a view to the more profitable management of the Group's property and investment in real estate in several countries, a new position has been created for a Senior Manager to be responsible for developing business-like practices and policy throughout the organisation.

This is a most interesting and demanding opportunity for an experienced property manager with much appropriate, broadly based experience, some of it gained outside the United Kingdom. Fluency in French is desirable. Some travel will be required. The personal qualities normally associated with senior management are essential as are commercial flair and the ability to gain quickly the confidence of top management. Attractive conditions of service will be negotiated.

Candidates should write in confidence to R. Varvill, or telephone (24 hour answering service) for a personal history form quoting reference V/162/7.

The P-E Consulting Group Appointments Division

1 Albemarle Street, London W1X 3HF. Tel: 01-499 1948



## Commercial Director Designate

North London, c. £11,000 + car

Our client, with a turnover of £4 million, is a profitable and growing subsidiary of a substantial group. It operates in a specialist area of the textile industry and is involved in both import and export. Reporting to the M.D., the Commercial Director Designate will be responsible primarily for the financial control, administration and distribution, participating also in decision and policy making for the

marketing and production planning areas. The role requires demonstrable business acumen, gained preferably in a marketing environment, with clear potential for progress into general management. The ideal candidate will be aged 30-40, a qualified accountant, with a minimum of 3 years experience of the commercial and administration function including some in line management.

Mrs. J.M. Brown, Ref: 19168/FT.

Male or female candidates should telephone in confidence for a Personal History Form to: 01-734 6852 (office hours) or 01-586 2637 between 6pm - 10pm.

LONDON: Sutherland House, 5/6 Argyl Street, W1E 6EZ.



## Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## Solicitor Victoria SW1

This is an opportunity to secure a career with a soundly based British Corporation which, since 1949, has been funding the development of new ideas during the design and commercial implementation stages. This senior appointment involves advising on a variety of legal matters, preparing and settling a broad range of commercial contracts for licensing the use of patents and other industrial property, and providing various types of financial assistance to industry for technological development.

You should have commercial experience at a responsible level, either in a legal department or in a private practice, be adaptable and have high standards of draughtsmanship.

Salary £8,681 to £11,866.

Please write with full details. These will be forwarded direct to our client. List separately any organisations to whom your application should not be sent. Ref. B.1303.

This appointment is open to men and women.

**MSL**

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

Management Selection Limited  
International Management Consultants  
17 Stratton Street London W1X 6DB

## Hong Kong

### Japanese Securities Analyst

Our client, a top U.K. Stockbroker, seeks an analyst to join its well-established office in Hong Kong and, through regular visits to Japan, to develop its coverage of Japanese securities.

The ideal candidate will be a Graduate, aged 25 to 35, with at least two years' relevant experience gained in Stockbroking or with a major financial institution.

The position should appeal to an ambitious individual wishing to make a major contribution to a highly professional and expanding team. It offers excellent prospects and an attractive package of salary, profit-sharing bonus, free housing and expatriate benefits. Please contact A. Jones, who will treat all enquiries in the strictest confidence.

**Stephens Selection**

35 Dover Street, London W1X 3RA. 01-493 0617  
Recruitment Consultants

## PROFESSIONAL ACCOUNTANTS

We are a worldwide group with a turnover in excess of £80M, with an enviable profit record with manufacturing plants at Sunderland, Grantham, Manchester and Darlington. Several excellent opportunities have been created in this dynamic engineering company for first class Accountants to mix the theoretical and practical in developing & implementing effective management & financial accounting systems and techniques to meet the challenge of the 80's.

### PLANT CHIEF ACCOUNTANT

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## THE ARTS

## Coliseum

## Murray Louis

Murray Louis and his dancers joined Rudolf Nureyev for last week of the Coliseum season. Of the five works in programme, three are by illustrious composers: Schubert, Bach, Ravel—which beyond forgiveness; two are original numbers which make agreeable viewing. Not a bad average.

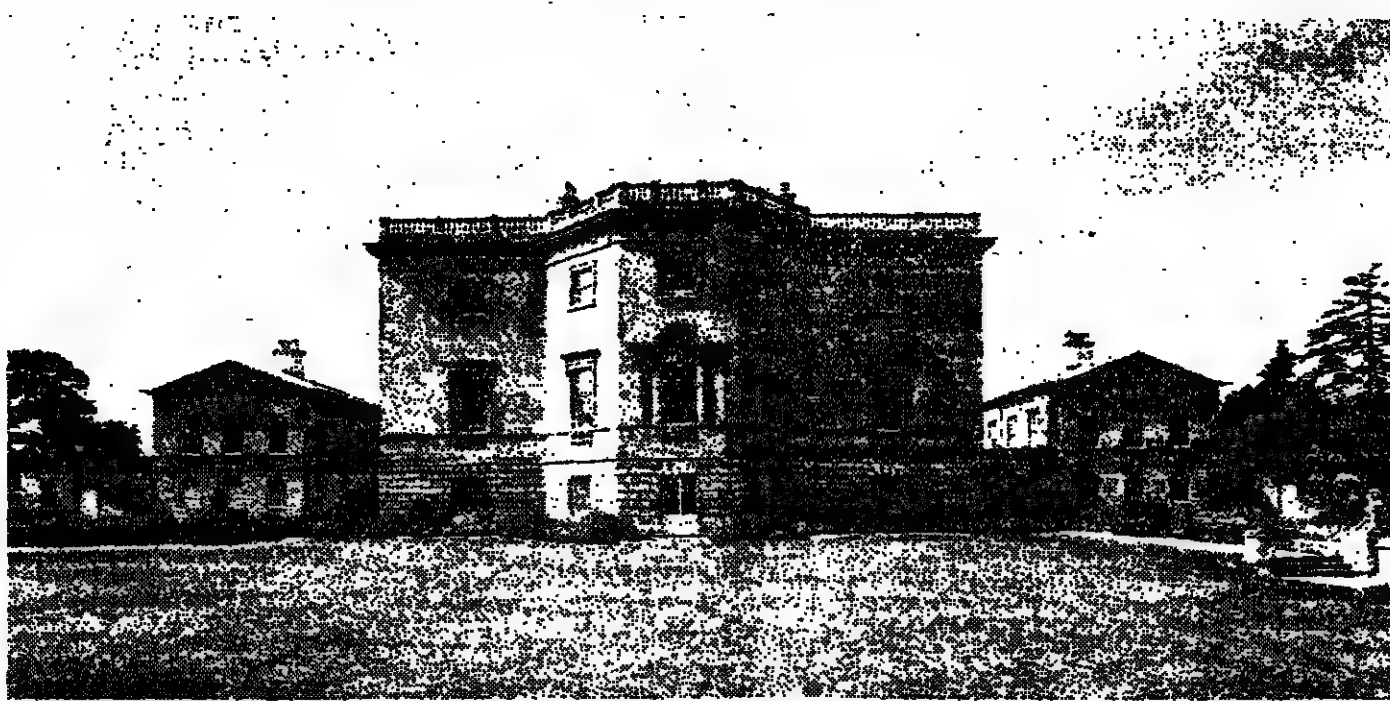
To get the worst over first: the programme begins with *Moment musical* for an intermission and footling exercise set to a movement from the el string quartet, seen before Nureyev's season. Nureyev four men in bathing outfits involved in activities which, the evening progresses, we recognise as the "Louis a."

It is a matter of physical chess and posturing for all earned, quick little accents, pings and fallings of limbs, if they suit the Ravel III, much more tiresome do seem in Schubert, in which eight members of the Louis party, while parts he "Fruit" quietly emerge from the pit. I thought it this, at the style is both highly ornate and effective, we can

see in Murray Louis' own solo *Deja vu*. In this he interprets five Spanish guitar solos with bright artistry. His puckish humour, his lightness, the tiny flickers of energy which mark his dancing, are as irresistible as ever, and movement seems both elegant in its throw-away virtuosity, and entirely persuasive as a theatrical manner. But on other, lesser bodies it looks wilful and unconvincing.

Nureyev is given a solo, *Vivace*, which seems to relate to a Bach prelude and fugue only in that it occupies the same space of time as its musical performance, but he being save the evening in the closing *Brighton Venus*. Here Louis, perky, anecdotal choreography is at its best in a comic parade of bathers who cross the stage with happy visual jokes about towels and ways of swimming. The theme is the arrival of Venus on a beach to meet Nureyev as a timid sun-bather. Set to a brilliant arrangement by William Bolcom of Cole Porter songs, it involves solos for Venus and her young man that have an oddly unisex air, but the piece's humour is relaxed and Nureyev plainly enjoys himself.

CLEMENT CRISP



East front, Basildon Park

## Architecture

## The opening of a Nabob's palace

by GILLIAN DARLEY

The fact that Basildon Park is standing at all in 1979 is something of a surprise. That it exists in its present intact form is little short of a miracle. It is now owned by the National Trust and was opened to the public yesterday.

Situated high above the Thames valley near Pangbourne, it is a rather austere classical house built by Carr of York Francis Sykes, whose fortunes came from the East India Company and who formed one of a group of "nabobs" in this region—Warren Hastings lived nearby and was a close friend. Despite the restraint of the architecture the mellow tones of the Bath stone, sometimes golden, sometimes silver, have a softening effect, as does the magnificently lush setting of wooded parkland and valley beyond.

The transfer to the National Trust of this house, together with its fine furnishings and fittings, disguises a long, sad history before Basildon Park was rescued by Lord and Lady Iliffe in 1962. Two epochs of prosperity, under the Sykes between 1776 and 1839, and then

under the Morrison family, between 1839 and 1910, were followed by 40 years of neglect. Apart from its use as a billet for troops in both World Wars, a fate which did little to improve its condition, it stood bleakly vacant. In fact Nathaniel Lloyd, writing his "History of the English House" in 1931 simply wrote it off. Basildon Park "has been found so inadaptable to modern requirements as recently to have been demolished," he resoundingly stated. Another fate, worse than death, then threatened the house. Its owner in the 80s, Mr. George Ferdinand, wished to sell it, for \$1m, for re-erection in the United States. Fortunately there were no takers and he had to make do with the sale of part of the interior decorative detail which now adorns the Basildon Room at the Waldorf Astoria Hotel, New York.

The Iliffes bought back the house in 1952—Lord Iliffe's father having bought the entire estate in 1928 but selling off house and park. Bit by bit over years of assiduous sale going, foraging, and salvage the Iliffes gathered the furnishings and repaired the existing decoration. One particular stroke of luck was the discovery of doors and

chimney-pieces from another derelict Carr house (since demolished), Panton House, Lincolnshire. The exactitude of Carr's design meant that fittings from one house could be replaced in another, without any further adjustments.

The visitor today gets the most favourable impressions of the house first. Entering through the ground-floor loggia, with the contrasting great portico soaring above, the only real flourish in Carr's exterior design, is a dramatic experience. The confined space below and the airy verandah-like terrace above are played off against one another in an architectural sleight-of-hand. In such an obediently Palladian house the device is all the more noticeable. The hall, entered from the first floor level, is a calm room of elegant detail and proportions. Its flat ceiling, decorated with a mesh of Adam-style stucco work meets the cornice in a gentle curve. Between the wall pilasters are panels with plaster decoration showing trophies, griffons and the other favoured motifs of the late 18th century. The harmonious feel is emphasised by muted colours apparently added in the Morrises' ear, by their

architect J. B. Papworth. The same atmosphere of quiet pervades the central hall, out of which springs the Great Staircase. Very high and well lit, the balance and proportion of the parts unify the space and the wrought iron balustrade carries neo-classical forms that are echoed in the plasterwork elsewhere in the room.

Other rooms are more flamboyant—even strident. Both dining room and octagonal drawing room are glazed, though the latter is the only room in the house to really express the spirit of the early Victorian improvements. Mary Ann Morrison was not entirely in tune with the fashionable whims of her husband's chosen architect: "I own I always dread Mr. Papworth's love of gold and loading in decoration. The ceiling of the octagonal drawing room tends to bear her out."

The National Trust has added a Shell Room and future plans include a display of East India Company trophies and portraits. The house fills a geographical gap in the Trust's properties and commemorates a 25-year labour of love by the Iliffes, who will continue to live in the east pavilion of the house they so literally brought back to life.

## Record Review

## Two basses and a baritone

by MAX LOPPERT

Boris Christoff — the 1949-52 recordings. EMI HMV Treasury RLS 735 (3 records in box), £10.35

Alexander Kipnis: arias by Mozart, Rossini, Verdi, Wagner, Strauss etc. World Record Club SE 280, £10.25

The Art of Tito Gobbi. EMI Treasury RLS 738 (3 records in box), £5.75

The HMV Treasury Series is one of the declining number of unfailing Good Things the record industry has to offer. To celebrate Boris Christoff's 30th anniversary before the British public, and to coincide with the recent publication of Tito Gobbi's autobiography, here are two splendid issues. Each paints a portrait of the singer in his earliest years of artistic and vocal maturity; each is a compendium of treasures both long familiar and unfamiliar to the record-collector (performances not previously issued add to the interest of both collections).

Strange as it may seem in a country where Christoff remains one of the most venerated of all operatic performers, there is not universal admiration for the melancholy beauty of his bass, for its depth of tone and sombre majesty of movement—in a recent number of the American record review, High Fidelity, his *Pescio* in a long-prized Simon Boccanegra was described as "shale-throated." If there is a subordinate theme to be drawn from the set, it is that in the earliest of these recordings the individuality of the voice and the special quality of the performances are already joined.

## Kensington Town Hall

## The mother of us all

by MAX LOPPERT

The taste for Virgil Thomson's music is one that is easily acquired for no other music is like it. The charm of even the lightest of his compositions lies in the piquant originality of their flavour—a quintessentially American flavour, in which childlike humour is mixed with technical sophistication and the small-town simplicities of four-square melody and the plainest diatonic harmonies are given spice and subtlety by the witty and ironic sense of their placement. But the taste for Thomson has not, it seems, been widely acquired in this country: his instrumental works seldom gain a hearing, and his second opera, *The mother of us all* (1947), had to wait until Tuesday for its British premiere, provided by Abbey Opera, a semi-amateur company.

*The mother of us all* is an American pastiche, in two acts and eight scenes. The central character is Susan B. Anthony, the campaigner for women's rights. Figures of history, not all from the same era, and imaginary figures people the scenes. Gertrude Stein's text, with its circular repetitions and inner rhythmic pulls, describes no straightforward narrative, though in the course of the opera the issue of votes for women is decided. The vocal lines, sometimes as simple as a Shaker melody, cut across the patterns of the text, establishing their own characteristic activities. The orchestration has the clear, glistering quality, now touched with bells, now bolstered by brave brass triads, that lends Thomson's seemingly artless inventions a sudden

unexpected brilliance, a sudden emotional pull. It is hard to say what the work is "about," exactly; harder still to know why throughout its length one is held, often delighted, on occasion even moved.

It is a trier proposition for a semi-amateur company than perhaps it seemed. Thomson's setting of words is peculiarly American, peculiarly felicitous; on Tuesday, in the wide and windily air-conditioned spaces of the Kensington Town Hall, its heraldic symbols in brick forming a not inappropriate backdrop, very little of the text was audible. The opera ideally requires a crisper stage demeanour and instrumental umbles of clearer cut than were always available in Christopher de Souza's production and from a section of the Hammersmith

Symphony Orchestra under Anthony Shelley (there was admirable sangfroid on all sides when an alarm went off in the second act).

The spectacle of bunting and flags, designed by Bernard Lyons, though pleasingly plain, was made murky by inadequate lighting resources. The important thing, though, is that the flavour of the work was tasted. In a large cast, the voice and bearing of the Susan B. Anthony, Diana Munn, stood out for security and firmness of purpose—the phrases tend to sweep heroically upward, and Miss Munn shaped them with impressive confidence.

Further performances this week, tonight to Saturday, at the Royal Free Hospital, Hampstead.

MAX LOPPERT

## St. Olave's, Hart St., E.C.2.

## Andrew Knights

by NICHOLAS KENYON

This excellent oboist attracted favourable attention as a GLAA Young Musician of the Year, and he has now mounted his own ambitious series of concerts, surveying in turn three different periods of oboe music. On Tuesday he reached "The Romantic Oboe." Resourceful planning could not disguise the fact that no major romantic composer wrote a sonata for the instrument—too much of what was offered consisted of competition pieces for the Paris Conservatoire (Guilhaud's *Premier Concertino*) and absurdly virtuosic variation sets (on a Donizetti theme, by one Pascoli)—whom I strongly suspect of being a latter-day oboist Kriesler).

But Mr. Knights had sufficient serious material to display his really very powerful talent. What was striking in his treatment of even so short a miniature as Schumann's *Romance* Op. 84 No. 1 was not only its shapely beauty, and its fine sense of line, but also its passion: we heard a force and insistence which rarely comes through the mellifluous sound-weaving of ordinary oboists. So too in the first movement of Saint-Saens' delightful *Oboe Sonata* (which has an opening phrase quite as beautiful and evocative as that in the Brahms G major Violin Sonata).

Knights made the climax thrilling, and the perkiness of the final *Molto Allegro* always had strength and weight behind it. He offered pieces not only on the oboe, but on the English horn, though alike enough to recall the reply of a player in the 1920s who, asked what the difference was, replied with commendable honesty: "Five quinnas a night". Carl Reinecke's huge showpiece *Sonata Undine* seemed frankly ill-suited to the oboe d'amore, and Knights was having some trouble with his reed; but the imaginative provision in the programme of an excerpt from the work's flute version enabled us to appreciate Reinecke's ingenuity at rewriting the solo line for a new instrument while keeping the piano part intact. And the work was flamboyantly entertaining.

The 15th-century Church of St. Olave (favourite of Dickens and Pops), one of the few survivors of the Great Fire, already well-known for lunch-time music, proved an ideal setting; it added bloom to the oboe sound but it did not compromise Jane Dodd's able piano playing. On July 3 this duo reach "The 20th-century Oboe": there will be more meat in this programme; catch it.

## Purcell Room

## Julian Dawson-Lyell

Pianists who give recitals of new or unfamiliar works separated by Schoenberg and by sonatas of Scriabin and Prokofiev must know that they are unlikely to get much more than kudos and the admiration of a small audience of friends, relations and a few critics. This happened on Tuesday to Julian Dawson-Lyell, who deserved better for a well-planned, well-executed programme with no surprises or great revelations but also none of the sinking feeling that comes over one, try as one may to avoid it, at the prospect of yet another airing for—name your own least favourite romantic war-horse.

Of the new and unfamiliar, Milko Kelemen's *Desains commentes* (new to me) were the most personal and imaginative in material and use of keyboard colour. Christopher Bochmann's new Sonata No. 3 ("Sanctus") is "based formally on the syntactical structure of the Sanctus and Benedictus of the Mass." The Benedictus section (a point in the Mass where even the greatest have been known to lose sight of self-indulgence) is a little long, but by varying the equivalent of the

Hosanna repeat, Bochmann sidesteps another danger-point. The words of the Mass may be familiar, but since to our shame not all of us can instantly recall them, the relevant passages, as well as the Alleluia poems apparently at the back of Kelemen's work, might have been printed in place of lists of prizes and academic appointments. Stephen Oliver's *Study* (also first performance) begins in toccata style but calms down into a long cantata.

The Three Pieces op. 11 of Schoenberg at the beginning showed an occasional haziness of articulation which had disappeared by the time Mr. Dawson-Lyell reached the Scriabin Sonata, produced by a charming Albumen (op. 48 No. 1). These were models of sensitive lucidity. Prokofiev's Seventh Sonata had as much lucidity as the more highly horse-powered music needs. The pianist was continually respectful of the room's limitations: the Prokofiev really needs more space for big, unruly limbs. Small, fastidiously worked things like Berio's *Wasserklavier* and Erdemler's sound perfectly in place there.

RONALD CRICHTON

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Thursday June 28 1979

## The energy Summit

HOW MUCH is it reasonable to expect from the Tokyo "energy summit"? The short answer is, not much, at least in terms of dramatic decisions aimed at achieving dramatic short-term results. The nature of the world's current energy crisis is so fundamental, and the causes so deep rooted, that no amount of talking in Tokyo is going to change it overnight.

## Imprecise

In the months since the Iranian revolution, the only attempt to date at concerted international action was taken in March, when the major oil consuming countries agreed to try to cut back their consumption this year by five per cent over anticipated demand. That target has proved to be too vague and too imprecise. Most western countries claim to be meeting it, or to be well on their way to meeting it, but their claims lack conviction. The five per cent target has done little to halt the slide into recession, and has failed in its primary purpose of bringing free world demand for oil back into line with available supply.

Last week at Strasbourg, the meeting of EEC heads of Government set out on a new route. The EEC agreed on a specific and easily measurable target — to limit EEC imports from 1980 to 1985 to an annual level no higher than that in 1978. But with an eye cocked at both the United States and Japan, it added that such an effort would not be possible unless "an effort on the same scale" was made by other industrialised nations, which "must also restrict their oil imports."

## Targets

This last phrase betrays a mounting feeling of frustration among EEC Governments at the inability of President Carter to deliver on his energy programme. One of the keys to gauging the results of the Tokyo summit will be to see to what extent President Carter feels able to commit himself to hard and fast targets that would, if achieved, really bite into America's apparently unquenchable thirst for oil.

The second element in the EEC package is one that is likely to receive more and more attention in the coming months — a proposal that the western

world and the OPEC producer nations should start a constructive dialogue to try and sort out their competing needs. This kind of dialogue was proposed after the 1973-74 oil price shake-out, but became bogged down in the broader issues of the North-South talks. It cannot be expected to produce instant results. But there have been some encouraging signs from both Saudi Arabia and Kuwait that at least some of the OPEC nations recognise the need for order to be brought into OPEC's price and supply decisions, not least because OPEC's traditional friends in the underdeveloped world are as hostile to the manner and timing of the current round of price increases as the OECD countries.

Thirdly, the EEC has firmly committed itself to the development of a nuclear programme — "nuclear programmes must be given a strong fresh impetus" — and to the increasing use of coal. In the aftermath of Three Mile Island, the speed at which the western world can develop nuclear energy will depend on the commitment and conviction of national governments and on the nuclear industry's ability to convince the general public that it can produce a safe product. The British Government shows every sign of wanting to push ahead as rapidly as public opinion will let it with a long-term nuclear building programme, a decision which would be welcomed.

## Nuclear power

All these proposals leave open the question of how much can be done to limit demand in the short term. The problem of energy consumption is primarily one for the United States. It may be that the two hour petrol queues in New York and Washington, the independent truckers' strike and the recession into which America now appears to be drifting will at last give Mr. Carter the ammunition he needs to drive home his energy programme. If that happens, then Ayatollah Khomeini will have achieved more in seven months than President Carter and Mr. Schlesinger achieved in two years. The grim alternative is an even deeper world recession that would solve the short term demand problem by far less palatable means.

## Rethinking the postal service

BRITAIN'S postal service is in a mess. A mountain of letters lies undelivered in sorting offices around the country, and particularly in London. The statutory body representing post office users describes the service as "appalling" and has plenty of figures to back up its claim. And while postal workers step up the industrial action which is responsible for much of the disruption, the Post Office is pressing ahead with rate increases averaging 15 per cent.

While too much should not be made of the current slump, or of the rate increases which are objectionable mainly because it is long overdue, the time may have come for the Post Office, its users and the Government to reassess many of the assumptions on which the British postal service has been operating recently.

## Productivity

The Post Office has concentrated in its recent corporate planning on saving off price increases and improving productivity, even at the cost of a deteriorating quality of services. Since 1975 its prices have risen by only 7.5 per cent, compared with an increase of 50 per cent in the retail index. Its standards have fallen sharply — only 80 per cent of all letters are now delivered on the following working day (even disregarding the current disruption), compared with 93 per cent in 1973.

But productivity has shown little sign of improvement. The most sanguine claim is that it has increased by 4 per cent since 1976. A more depressing statistic is that in 1978 it took approximately the same number of postal workers as in the 1960s to deliver 20 per cent fewer letters.

The unions' attitudes have not been helped by Government pay policies and management's constant emphasis on the need to reduce services. Pay policies have prevented wages being adjusted to meet demand for labour, so that in London there is now a serious shortage of workers prepared to accept the average of £102 a week that postmen earn for a long working week with extremely inconvenient hours. Pay policies have also blocked most attempts at sensible productivity bargaining. Instead there have been bogus productivity deals, aimed largely at circumventing incomes policies.

Instead of attempting to improve working practices, the Post Office appears to have chosen the path of least resistance by trying to "increase" productivity and fight the inflationary pressures inherent in a highly labour intensive business by reducing the quality of services. But of what relevance is a concept of productivity that does not take into account the standard of services? As the Carter Committee, which reviewed the Post Office in 1977, noted, in a monopoly like the postal service it is impossible for users to signal through the market their "idea of the trade-off" between worsening of service and reductions of price.

The Post Office long-term plan includes further substantial reductions in service, including the abolition of second deliveries and of early morning deliveries to all but business addresses in city centres. With the resulting cost savings, it should be possible to continue to operate a postal service that is cheap by international standards without government subsidies even as wages rise.

## Differential

If the postal service were run by private enterprise would it so readily take for granted that its customers prefer poor service at a relatively low price, rather than the opposite combination and would it gear its corporate strategy to this goal? Perhaps the time has come to inject some entrepreneurial thinking into the management of the postal service, which would stress marketing of an improved service for which the consumer would be prepared to pay more. As a tentative start, the Post Office could increase the differential between first and second class letter rates and mount an all-out effort to improve the former service, as the Post Office Users' Council has suggested.

In the longer-term, the split between posts and telecommunications that the Government is considering would help concentrate management attention on competing for customers by discovering and catering for their needs. If it turns out that there was a demand for a better postal service at a higher price, it would become easier to use pay incentives to negotiate genuine productivity improvements with unions.



IT IS ironic that only six months ago some Western officials were worried that there would not be enough to talk about at the seven-nation world economic summit in Tokyo. Today, as the leaders of the U.S., the UK, France, Germany, Italy, Canada and Japan, gathered in the ornate Akasaka Palace, two things are abundantly clear. The first is that the new energy crisis will dominate their two days of talks. The second is that this summit, the fifth in the series since 1975, is likely to be the most important yet.

Past summits, at Rambouillet, Puerto Rico, London and Bonn, have concentrated on fine-tuning the world economy and the international monetary system, not always with great success. This time, however, the participants are aware that they face decisions that will have a vital impact on the entire social and political fabric of the West. There is an increasingly widespread recognition that the latest energy crisis is not a temporary phenomenon, but a major new fact of life to which Western society will have to adapt, almost certainly painfully.

As one senior official attending the meeting here says, "each time we analyse the outlook it gets more pessimistic."

There is no doubt about the main objective. All seven countries are agreed that there must be an internationally co-ordinated programme by the main consuming countries, to cut their oil imports. The prob-

lem, as so often, is the distribution of the burden—everyone wants to see others cutting back, while preserving maximum supplies for themselves. The Europeans, for example, have made it clear that they do not see why they should make major sacrifices if the only result is to liberate oil for the voracious American market.

The Europeans are coming to Tokyo with their own plan, worked out at the nine-nation EEC summit in Strasbourg last week. They will tell their partners that the Community intends to freeze oil imports at last year's total of 470m tonnes and tries with high growth rates like Japan, with an official forecast of 6.3 per cent growth next year, would qualify for more oil.

But it is not going to be easy to agree on a country-by-country basis. Indeed, it was precisely because conditions vary so widely in different countries that the EEC settled for a Community total in Strasbourg, rather than a series of national allocations. It has not taken long

for the Americans to point out that import quotas are much less of a hardship for countries like the UK which has the North Sea—conveniently, for the purposes of the argument, forgetting Alaska. The Europeans, for their part, will want to be convinced that President Carter can actually implement whatever commitments he undertakes in Tokyo, given the shaky progress so far of his domestic energy policy and the difficult state of his relations with Congress.

That is one important reason why it will not necessarily be possible to judge whether the Tokyo summit has been a success by reading the final communiqué. The key test will be the ability of the seven countries to put into practice the expressions of good intention that will doubtless emerge. The record of past summits is not enormously encouraging.

The first, at Rambouillet, had a measure of success with a monetary agreement to iron out excessive currency movements until it was overtaken by a dollar crisis. The second, at Puerto Rico, is now generally acknowledged to have been a flop. The third, at Number 10, Downing Street, set economic targets that soon fell by the wayside, with the result that the whole concept of targeting had become discredited by the time of the fourth meeting in Bonn last year.

The Bonn meeting secured an agreement from Japan and West Germany to stimulate their economies in exchange for an American undertaking to introduce a "comprehensive" energy programme by the end of 1978. That, of course, is still awaited, as is fulfilment of the British undertaking to reduce the U.K. inflation rate.

that this probably cannot happen without the admission of several other nations as well.

Japan's credentials for playing host to the Summit include the fact that it boasts the world's third largest economy (second largest among the summiteers) plus its claim to be able to speak for the increasingly important group of new industrial nations in the Far East whose weight in international trade has grown sharply since the staging of the first summit in 1975.

A final qualification is the recognised efficiency of the Japanese in handling events of this kind. Security precautions in Tokyo during the three days in which the heads of state will be here are likely to be tight to say the least. No fewer than 26,000 special police will be guarding the two hotels and the Akasaka Palace in which the participants will be spending most of their time. Police precautions are said to have included the acquisition of advanced electronic equipment to ward off air attacks on the Akasaka Palace, should these be attempted by the fringe Left-wing groups that have threatened to try to disrupt the occasion.

As far as the subject matter of the discussions is concerned, Japan can count itself lucky in one respect and unlucky in another. The current world

## MEN AND MATTERS

Keeping on the rails, Nordic-style

On the day British Rail cautiously announced it is freezing rail fares (small print: "and prices remain frozen") the Swedes have just shunted off down a completely different track. Swedish rail fares were halved from today, reducing them to what they were 12 years ago.

The move follows a Government decision to scrap a 16-year-old policy of making the state railways pay for themselves. British Rail, with its £490m grant ceiling frozen since 1974, looks enviously northwards at such Nordic developments. One BR official spoke to last night suggested that the Swedes must be able to afford their move because of the positive discouragement by the tax authorities to car drivers, whose counterparts in this country can often claim lavish mileage allowances for business travel.

But at the heart of the matter is the irony that, in a dearer energy era when railways should be once more coming into their own, Britain is lagging far behind its European neighbours — notably France and Germany — in investing in new rolling stock. And like its predecessor, the Conservative Government seems impervious to the assertion that railways are a social necessity on a par with hospitals or roads.

## Turkish dilemma

Those in the City with a talent for distinguishing the various transatlantic patois may have detected more Canadian voices than usual in the vicinity of the Bank this week. The visitors have also been proclaiming their presence by junketing in a 1980 London Transport bus. Their boss, Kenneth White, chairman of the Royal Trust Company of Canada and its parent company, has been riding in a somewhat superior style in a Yellow 1929 Rolls-Royce. The vintage is no coincidence—



"We deliver it... we deliver it not... we deliver it..."

the visit and its associated shindigs are connected with celebrations marking Royal Trust's half century in London, its first overseas office.

Business has developed somewhat since two staff, a Mr. Long and his secretary Miss Evans, started work on June 24, 1929. To mark the jubilee year, Royal Trust and its 130 London staff have just moved into new offices near Southwark Bridge. Now the fifth largest trust company in the world, Royal Trust is, however, still regarded as a family business—many of the staff being members of families which have worked for the company for three or four generations.

Some may even remember the ill-fated attempts to recover compensation for the heirs of the Sultan of Turkey, Abdul Hamed II, whose oil-rich estate was greatly diminished by the Treaty of Lausanne of 1909, and later by the new boundaries in the Middle East created after the First World War. Four companies were formed and issued a large quantity of bonds, half to the heirs, half to UK investors. Hope—and with it

the four companies—did not collapse until well after the last war.

## Music maker

They are chortling with pleasure in Wigan at the news from Sofia. Local soprano Rosalind Plowright has won first prize for female operatic singers, in an international competition which drew entries from 18 countries. There was also a note of satisfaction when I telephoned Singer and Friedlander in London about her success, because Peter Moores, a managing director of the bank, has helped to finance her training.

Moores has a home in Wigan, although when he first met Rosalind Plowright she was already launched on her career. She had then been taken on by the English National Opera as a mezzo-soprano. "These heavy voices need to be kept afloat," says Moores knowledgeably. "They mature later." He has established a foundation to help singers and musical projects.

## Facing the crowd

Times Books is somewhat sensitive to the widespread notion that the troubles of The Times are also those of Times Books. The company is indeed associated with the newspaper, but from its West End offices continues to bring out 15 or so titles a year—mostly atlases and reference books. Latest to roll off the presses (not in Grays Inn Road) is the Times Guide to the House of Commons, a copy of which has just been presented to Speaker George Thomas.

After the election, Thomas solicited a photograph from each of the 112 new faces, but possibly discovered, like Times Books, that the camera can be fairly mendacious, if pressed. "Most MPs send in photos within three or four days," I was told by Times Books. "But, er, sometimes we find that the photograph does not still match up to the, er, MP." The identity of these vain men was discreetly withheld from me, as

## Why this one has to work

BY REGINALD DALE IN TOKYO

It is hard to avoid the conclusion that seven-nation summits so far has had little real impact on the world economy. It has almost certainly tended to counter protectionist tendencies, and it has generally encouraged altruistic economic behaviour. But the seven leaders have not yet demonstrated that they can impose their will on events.

This time, however, everyone here says it is going to be different. In the first place, the heads of Government are not seeking to impose solutions through demand management. There will not for instance be calls for further Japanese and German reflation, the often-repeated chorus of earlier gatherings. There is a specific problem to be tackled, every body knows what it is and what the goal should be. It is also different in that there will be

three new members of the club. Mrs. Thatcher, Mr. Joe Clark of Canada and Mr. Masayoshi Ohira, the Japanese host.

Mrs. Thatcher will be meeting President Carter for the first time as Prime Minister, and she is said to be bringing with her "a healthy sceptical open mind" about the value of summit meetings. She will play a full part, but remains to be convinced that the whole exercise is worthwhile. The abandonment of demand management and targeting should suit her political temperament. One of her highest priorities will be to secure firm international endorsement for nuclear energy, given adequate safety conditions, so that she can proceed with her plans to step up the world's nuclear programme.

The agenda item that is likely to slip is the discussion of North-South relations, despite

the importance that everyone professes to attach to it. But the topic may well arise when the summit looks at the whole question of the West's future relations with the OPEC countries. Herr Helmut Schmidt, the West German Chancellor, will want to press his case for a "dialogue" between oil producing and consuming countries and the non-oil developing nations. The latter are an essential part of the picture. Not only are they the most severely affected, but their energy demands are bound to rise if they are to develop.

Already, commentators here are predicting that if this summit fails, it will be the last. That is almost certainly an exaggeration. But there is a general awareness that the world's seven largest industrial democracies face their stiffest test yet.



Tokyo's Akasaka Palace—scene of the conference summit.

## The Japanese take stock from the top

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

situation, in which attention is shifting rapidly from trade and balance of payments problems to energy makes it most unlikely that the Japanese will be pilloried by other summit participants for their "excessive" exports (as might have happened if the summit had been held even as recently as last April). In this respect the timing of the summit bears marked resemblance to that of the inauguration of the Tokyo Round in September 1973. Japan was lucky at that time to be able to convince fellow participants that its external payments problems were on the way to being "solved" and that other issues (including oil) were in any case becoming more important than bilateral trade imbalances.

The unlucky aspect from Japan's point of view is that it risks being caught midway between the U.S. and the EEC in a showdown over energy problems at a time when its own ideas on how to handle domestic oil shortages are not yet fully crystallised. Japan has moved extremely cautiously in handling the problems presented by the current energy crisis in the belief that avoiding an energy "panic" is more important for the health of its economy in the short run than working out stringent and compulsory measures for saving energy.

It now finds itself in a position of being forced to react to proposals put by others (notably the EEC) and, worse still

in the eyes of the cautious and reticent Japanese, of conceivably being caught between EEC energy proposals and the much more radical set of measures apparently being prepared by the U.S.

Mr. Masayoshi Ohira, Japan's Prime Minister and the man who will effectively find himself in the middle of U.S.-EEC arguments over energy, may be better qualified to fill this role than some of the advance publicity about him has suggested. Mr. Ohira is not a crisp intellectual like his predecessor, Mr. Takeo Fukuda (whose clearly-articulated expositions of Japan's economic policies went down well at the London and Bonn summits); nor is he a "human dynamo" like Mr. Kakuei Tanaka, whose short spell in the premiership ended with embarrassing revelations about his private business affairs.

**Sense of humour**

Mr. Ohira does, however, have a reputation for extracting agreements from unlikely groups of people in difficult situations and for a sense of humour (which could turn out to be at premium if the conference gets deeply bogged

down on the energy problem). His management of the discussions, at which he will be chairman, should be assisted by the good personal relations that seem to have grown up between him and President Carter during two recent sets of talks, including three consecutive days of meetings earlier this week.

The success of the summit will mean much to Mr. Ohira personally, since his ruling Liberal Democratic Party will almost certainly be going to the polls this year and may have to fight (like other conservative parties) at least partly on its claims to experience and success in international affairs. It means even more to Japan as a nation, given that a "sense of belonging" is one of the things the Japanese seem to have lacked most during their dizzy rise to economic prosperity after World War II.

Japan today sees itself both as an Asian nation and as a member of the non-Communist community of western industrial states, but it is not sure whether its claims to membership in either club are fully accepted by the other members. If the summit can be claimed as a success, Japan will feel that much more confident about its relations with other developed countries which, in turn, may make it more assured in dealing with its neighbours.

## September 3rd 1963 should have been the happiest day in Bob and Helen's life. But it turned into a round-the-clock vigil of 16 years.

They named her Mary. When she was born she weighed 4lbs and 5ozs.

Her parents, Bob and Helen, knew something was wrong but didn't quite know what lay ahead.

Mary was physically and mentally handicapped. After the initial shock, Bob and Helen pledged that they would sacrifice everything and devote the rest of their lives in helping Mary to face the world.

So Mary grew up at home. Day in and day out, year after year, the parents took turns to be with her. While Bob was at work, Helen did the housework.

For sixteen long years, without rest, without a single holiday.

Until this spring when they were able to leave Mary for two weeks in Dr. Barnardo's temporary relief home.

Bob and Helen were able to take a holiday they richly deserved and recover from extreme stress built over sixteen years of constant attention. And Mary had a healthy change of environment in a home as attentive as her own.

At Dr. Barnardo's, we now run temporary relief homes that are, in fact, holiday homes for unfortunate children like Bob and Helen. These homes also provide parents like Bob and Helen the opportunity to take a vacation without worry. Because trained helpers

provide all the care and alertness that handicapped children need.

Our help has no limits, but our money does. Skilled help like Mary needs costs a lot and every day you give goes towards aiding those less fortunate than you.

Want you to see what you can do today? For only £2, we can buy a set of paints. For only £10, we can buy six educational books. For £100, we can feed five temporarily resident children for eight weeks. And it helps even more if you covenant to pay regularly. That way we can claim back tax, so every £1 you give is worth £1.50. Not a penny is wasted, because we know it's your money we are using. And all our helpers feel exactly the same way.

Please send what you can now for our temporary relief homes, day care centres, residential homes and schools. Your caring will reach out all the way to many unfortunate families and children like Bob, Helen and Mary.

We at Dr. Barnardo's, and the 7,000 children for whom we care, thank you for your help.

We don't reveal their identities so as to spare embarrassing publicity.

**Dr. Barnardo's**

Dr. Barnardo's, Tanners Lane, Ilford, Essex IG6 1LQ.

I enclose a donation of £2 ☐ £10 ☐ £25 ☐ £100 ☐

☐ Please send me details of covenants so that I can increase the value of my giving.

Name

Address

To: Nicholas Lowe, Appeals Director, Room 525, Dr. Barnardo's, Tanners Lane, Ilford, Essex IG6 1LQ.

Observer







UK COMPANY NEWS

# Powell Duffryn falls £2.8m—expansion plans

HOPES AT Powell Duffryn of matching last year's £15m record pre-tax profit were dashed in the last four months of 1978/79. In these closing months most of its activities were hit by a combination of the severe winter, the road haulage dispute and a major strike at its Hymac factory which left the surplus for the year to March 31, 1979, down £2.8m at £12.13m.

The company also announces that it has reached agreement with IBH Holding AG of Mainz, West Germany, to purchase, for DM 25 (£8m) cash, a 25 per cent interest in the producer of loaders, wheeled dozers, compaction equipment and air compressors.

In addition IBH (UK) is to acquire Hymac for cash related to the book value of Hymac at December 31, 1979, presently estimated at £5m, and £7m loans will be repaid by Hymac to Powell Duffryn.

These moves are aimed at bringing some rationalization among European construction equipment manufacturers.

Mr. Christopher Aston, the chairman, also says that steady progress has been made with the group's longer term development plans to invest in selected activities and to increase the proportion of investment overseas. Towards this end it has invested strongly in facilities for storage of chemical products and has begun negotiations for the acquisition of a suitable engineering business in the U.S.

The forecast of a maintained profit was made in November

when taxable earnings were up from £8.26m to £8.68m.

Mr. Aston, now states he is confident the company is in good shape to take advantage of the opportunities open to it and "given the right economic climate we expect to regain the momentum of the last few years and reap the benefit of our capital investment."

Similar tax of £2.58m (£3.1m) left taxable earnings per 50p for the year share at 29.5p, against 41.5p. A net final dividend of 7.1p raises the total to 11p (10p) which costs £3.4m (£3.07m) and is covered 2.7 times.

Sales were ahead from £34.6m to £35.2m.

At the trading level the fall was from £16.18m to £15.79m, including £1.7m (£2.1m) from associates. The engineering side showed the greatest drop—from £7.32m to £5.03m on £91.7m (£79.5m) sales—despite good trading by Hamworthy Engineering. The setback in the division was due mainly to the adverse trading conditions in Hamworthy Hydraulics and the Hymac strike. Environmental services benefited from restructuring during the year and reduced the loss from £330,000 to £20,000 on £33.3m (£39.9m) turnover. There was also improvement in the shipping, wharfage and transport division where showing operations, contrary to general trends, showed weaker performance in other areas caused by the haulage dispute, for profit to rise to £1.95 (£1.74m) on turnover £3.4m lower at £40.1m.

The continuing depression in the housing sector was reflected

in the decline from £1.79m to £1.51m by timber and builders' merchants, on sales up at £32.4m (£27.8m).

In oil and chemical storage, against a background of strong customer demand, planned expansion is being maintained, and in some instances accelerated, with a temporary adverse effect on profitability, says Mr. Aston. Here profit for the year was down £0.1m at £1.91m on £7.1m (£6.5m) sales.

With sales of domestic fuels showing a sharp upturn in the final quarter P. D. Fuels achieved a satisfactory advance but with poor results from the French coal distribution subsidiary the total trading result was only marginally higher at £3.34m (£2.33m) on sales of £147.9m (£140.1m).

Quarrying in South Wales was affected by the weather and haulage strike for profit to dip to £800,000 (£300,000) on turnover of £5.7m (£5m).

Extraordinary debits of £2.59m (£0.57m) include £2m provision to cover the costs of closing Sofec, the French building subsidiary which was put into liquidation at the end of December after continuing losses.

1978-79 1977-78

Sales	352,213	343,000
Trading profits	12,683	14,050
Share of assoc.	1,700	2,104
Interest	1,814	1,188
Pre-tax profit	12,179	15,000
Tax	2,888	2,813
Net profit	9,291	12,187
Extraord. debits	2,592	574
Profit dividend	90	80
Dividends	8,633	11,556
Ord. dividends	2,402	3,074
Retained	2,237	8,485

See Lex

News Analysis, Page 30

# MK Electric hits £8.3m and doubles dividend

RECORD PROFITS and a more-than-doubled dividend are reported by MK Electric Holdings, the electrical accessories group.

Pre-tax profits rose 40 per cent from £5.55m to £8.34m in the year to March 31, 1979, on turnover 43 per cent higher at £55.57m. The net final dividend of 8.7p per 25p share hoists the total to 12p, against 5.89p.

The directors say the sales and profits advance reflects increased levels of activity in all the group's operations. At midway the surplus was up from £2.85m to £3.89m.

Tax for the year took £2.13m (£1.7m), leaving net profit higher at £6.21m, compared with £4.25m. Stated earnings rose from 31.5p to 40.1p.

The results include 12 months' trading by the Ega companies acquired in November 1977; six months were consolidated in 1978.

On a current cost basis along the Hyde Guidelines, taxable profits came through at £6.4m, against £3.9m. The directors say the after-tax earnings, adjusted for current cost, amply cover the increased total dividend.

1978-79 1977-78

Turnover	55,569	38,800
Trading profits	8,569	6,121
Interest	24	114
Operating profit	8,434	6,017
Associates' loss	22	29
Profit before tax	8,412	5,988
Tax	2,124	1,597
Net profit	6,288	4,391
Minorities	10	10
Dividends	8,148	4,241
Retained	8,122	2,740

## HIGHLIGHTS

Lex looks at the debate over the setting-up of accounting standards which is highlighted today by the publication of two volumes of submissions to the Accounting Standards Committee. On the company front BPB has announced a 30 per cent increase in profits and raised the gross dividend by some two-thirds, but there is less impressive news from Powell Duffryn, where a forecast of maintained profits has been rendered obsolete by the difficult winter, and strikes. Elsewhere, B. Elliott's cash call looks surprising but the company appears to be gearing up for a further acquisition. MK Electric has produced some impressive figures even discounting the contribution from Ega, and Blundell-Permoglas has ridden out the winter's problems with flying colours. Both Cattle's and Chubb's interim gains have been laid flat by poor second halves and, finally, Brickhouse Dudley's profits gain is only 15 per cent.

connected with it," Mr. Robinson said.

## comment

A £1.1m profit contribution from Ega put some extra shine on the M.K. Electric figures but the underlying pre-tax increase of around 30 per cent, together with a very generous dividend payment, was sufficient to impress the market and the share price rose 9p to 245p. This indicates a fully-taxed p/e of around nine, which is fairly undemanding for the sector and suggests more modest growth this year. Margins must be close to their upper limit. And with a 60 per cent UK market share in its range of electrical accessories, there are clear restrictions on sales expansion—compounded by an unpromising outlook in the construction sector. Profits could be boosted by a turnaround in the Kuwait associate, which last year lost M.K. £206,000 but an upswing in overseas earnings will otherwise be hard to come by. Foreign turnover was steady last year at around 23 per cent of the total and to make much more headway the group must adapt to non-British standards, which is a slow process.

## Witan set to reap dividend benefits

IN HIS annual statement Mr. J. R. Henderson, chairman of Witan Investment Company, says that the ending of dividend restraint will result in a short-term increase in income, on portfolio investment.

More important it could result in a return to a more rapid rate of dividend increase from growth

# BPB up £8m: hoists dividend

BETTER VOLUMES in its main markets and the benefits of investment enabled BPB Industries, the building materials group, to boost taxable profits by £8m in the year to March 31, 1979.

And the group is hoisting the net total dividend from 7.24p to 13.2p with a 9p final. It is also making a one-for-one scrip issue. Basic earnings per 50p share are shown up from 44p to 56.8p.

The pre-tax surplus jumped from £27.35m to £35.4m on turnover ahead from £274.6m to £297.7m. The figures reflect a further improvement in the second half—at midway taxable profits rose from £14.92m to £17.73m.

The Board says the profit growth came largely from the better volumes, and improved efficiency resulting from a comprehensive investment programme.

Capital spending during the year amounted to £31m and this high level of expenditure has continued. The glass fibre insulation plant near Runcorn and the £16m scheme to modernise the paper board mills are due to be completed in 1980.

Profits of UK building materials and other activities improved from £15.82m to £18.6m and the UK paper and packaging side lifted the surplus from £7.29m to £9.02m. The Netherlands paper and packaging operations cut back the loss from £1.8m to £363,000.

The year's taxable profit was struck after interest charges down from £3.17m to £2.72m and associated company profits up from £1.88m to £2.47m.

After tax of £10.08m (£7.9m), the net profits comes out at £25.3m, against £19.35m. The attributable surplus is also well ahead from £19.11m to £25.26m.

See Lex

# Batleys increases to £0.61m

PRE-TAX profits of Batleys of Yorkshire, cash and carry wholesaler, rose from £517,596 to £610,282 in the year to April 28, 1979, on increased turnover of £60.94m, against £51.58m.

At the halfway stage, the surplus was up from £252,161 to £270,387.

After tax of £72,338 (£49,996), net profit came through at £537,928, compared with £486,500. Earnings per 10p share are higher at 13.51p (12.64p). The net dividend is stepped up from 3.64p to 4.2p, with a 3.1p final.

## DARES ESTATES

St. Paul's Holdings Establishment has disposed of 500,000 ordinary shares in Dares Estates the direct holding of St. Paul's is now 997,689 ordinary (11.1 per cent) a further 134,853 ordinary shares are held by a subsidiary. Mr. P. D. Jackson has an interest in St. Paul's and the above transactions are relevant to his interest in the company.

# Blundell increases to £0.69m. so far: sees further rise

TAXABLE profits of Blundell-Permoglas, the paintmaking group, rose from £603,436 to £638,217 in the half-year to April 30, 1979. And the directors expect a further increase at the year-end—last time the surplus reached £1.78m (£1.13m).

The directors say the satisfactory profits rise, despite the difficult winter, enables them to face the remainder of the year with confidence. The upsurge in raw material prices will inevitably lead to increases in the company's selling prices.

Sales for the half-year were virtually unchanged at £9.91m (£9.1m). Tax took £339,200 compared with £316,200.

Earnings per 25p share are shown higher at 5.2p (4.5p). The net interim dividend is stepped up from 1.14p to 1.2p. There is

also a special payment of 0.38p for last year after the lifting of dividend controls which raises the total to 3.6p.

Pre-tax profits were struck after depreciation of £163,948 (£141,181).

The directors say last year's sales included £265,000 from the Scottish division, the activities of which were subsequently terminated. The increase in turnover of the remaining divisions was therefore £700,000.

As a result of the hauliers' strike, exports were negligible during January. However, the lost ground was recovered and exports increased.

The decorative division was only temporarily affected by the bad weather. The industrial division achieved a volume increase and reported a further profit increase. The Irish division continues to progress and made a useful contribution to the group result—the entire profits are now attributable to the group as the minority interest in the Irish companies has been purchased.

cost pressures but price increases—a further 10 per cent rise is likely next month—are offsetting margin pressures. Overall Blundell is making headway on margins thanks to the development of powder coatings on the industrial side—around 20 per cent of profits—which is doing extremely well. The decorative paint division, which still dominates the group, sells solely to the professional market so the dismal summer weather, which has undoubtedly had an impact on the DIY market, has been less oppressive and the group remains very confident for the full year outcome. Profits should reach over £2m pre-tax for a fully-taxed p/e of under 8 at 90p, which the dividend is also due for a further rise on the historic 6 per cent yield.

## London & Associated downturn

A second half fall from £93,971 to £41,188 left taxable profits of London and Associated Investment Trust down from £125,971 to £91,158 for 1978.

After tax of £23,311 (£31,532) earnings are shown as 0.56p (0.91p) basic per 10p share, and 0.38p (0.81p) fully diluted. There is again no dividend—previous payment was 0.575p for 1973.

## comment

Blundell-Permoglas has ridden out the haulage strike and the effects of the winter weather on the professional decorative paint market with little damage. Half time profits are 14 per cent higher though the apparent increase in margins is basically a reflection of the disposal of the loss making Scottish merchandising operation. The company obviously faces



# BASF Aktiengesellschaft Notification of Dividend

The Annual General Meeting of the company on 27st June, 1979 confirmed a dividend of DM 6.00 for each share of DM 50 nominal value for the fiscal year 1978.

The dividend will be paid from 28nd June 1979 less 25% capital yield tax against submission of dividend coupon No. 35 at one of the paying agents listed in the "Bundesanzeiger" No. 117 dated 28nd June, 1979. In accordance with the English-German Double Taxation Agreement of 26th November, 1964, as amended on 23rd March, 1970, the German capital yield tax is reduced from 25% to 15% for shareholders resident in Great Britain. To claim this, shareholders must submit an application for reimbursement within three years from the due date. This application is to be addressed to the Bundesamt für Finanzen, Koblenzer Str. 63-65, D-5300 Bonn-Bad Godesberg.

In Great Britain, payment, which is free of charge, will take place through the following banks:

Kleinwort, Benson Limited, London  
S.G. Warburg & Co. Ltd., London

The dividend payment in Great Britain is made in Pounds Sterling converted from Deutschmarks at the rate prevailing on the day of submission of the dividend coupon.

The Board of Executive Directors  
BASF Aktiengesellschaft

D-6700 Ludwigshafen/Rhine, June 28, 1979

**BASF**

# B.A.T Industries Limited

## First Interim Report Six Months to 31 March 1979

At a meeting of the Directors held today, it was decided to pay on 1 October 1979 a second interim dividend of 8p of profits for the 12 months to 30 September 1979 at the rate of 8p per ordinary share of 25p (1978 5.0p). Transfers received in order by the Registrar of the Company up to 28 August 1979 will be in time to be passed for payment of this second interim dividend to the transferee.

The first and second interim dividends together amount to 10.84p (1978 9.4p) per ordinary share of 25p.

The increase of 20% in the second interim dividend in part reflects the Company's concern that the real value of dividends has been eroded by inflation and statutory dividend limitation. Subject to unforeseen circumstances, at least a similar rate of increase may be expected in the third interim dividend by comparison with the final dividend of the previous year. This third interim dividend, payable in April 1980, is in lieu of the usual final dividend (see next paragraph).

As explained in the Report and Accounts for the year to 30 September 1978, the Group year end has been changed to 31 December and there will be a second interim report in January 1980 on the results for the twelve months to 30 September 1979. The next audited accounts will cover a 15 month period. In order to protect the respective interests of the two classes of shareholders, there will be a third interim dividend (in lieu of a final dividend), payable on 1 April 1980 to ordinary shareholders out of the profits for the year to 30 September 1979 and a special interim dividend payable on the same date out of profits for the three months to 31 December 1979.

The holders of deferred ordinary shares, as well as the ordinary shareholders, will be entitled to the special interim dividend.

For the six months to 31 March 1979, foreign currency items have been translated to sterling at rates of exchange ruling on 18 June 1979, except for items in Brazilian cruzeiros and Argentine pesos which have been translated at the rates against the US dollar estimated to be ruling at 31 December 1979. The comparable results for the six months to 31 March 1978 have been translated at the rates of exchange ruling on 30 September 1978, these being the rates used to translate the total results for the year ended on that date.

Between October 1978 and June 1979, sterling strengthened against all other currencies and the adverse effect when translating overseas figures into sterling for the purpose of this report is estimated to be £17 million on Operating profit and £9 million on Net profit attributable to B.A.T. Industries.

Operating profit for the first six months increased by 13% against the same period last year despite the effect of a strong pound on the sterling translation of overseas profits. The improvement was due largely to substantially better results from Paper, although the inclusion of Appleton Paper Inc. in the United States in this six months but not in the comparative period last year, accounted for just under 60% of the improvement in Paper. Tobacco results showed a 1% gain but, had it not been for exchange translation factors, results would have improved by 9%.

Interest charges were higher by £7 million, reflecting the inclusion of the borrowings for Appleton and of Pegulan-Werke A.G. in Germany, together with increased borrowing by International Stores.

Pegulan became a subsidiary of the Group in October 1978. The company is a specialist manufacturer of floor and wall coverings and plastics.

The charge for taxation is influenced by the changed basis for treatment of deferred tax adopted last year and the consequential impact of unrelieved ACT.

Despite the increased interest paid, the proportionately higher tax charge, and the adverse exchange translation factor, the net profit attributable to B.A.T. Industries has increased by 8%.

Forecast: Tobacco product sales are expected to increase in the second six months. Although profits will be adversely affected by the continuing costs of entry into the UK market and by increased operating costs in Germany, there should be a small overall improvement for the year.

Increased turnover for Gimbels and Saks is expected to come through into profit. Although competitive pressures will dominate UK food retailing margins, the improved margins should continue.

In the Paper industry, the improved performances of Wiggins Teape and Appleton in the first half are expected to continue.

Operating profits in cosmetics will benefit from the recovery of Germaine Monteil in the USA and the continuing growth of the Lenthéric, Morry, and Cycloc businesses.

Group results in sterling terms will continue to be affected by movements in exchange rates. Subject to this, the net profit attributable to B.A.T. Industries for the 12 months to September 1979 should show a sustained improvement.

## Tobacco

Group cigarette sales volume again increased over the same period in the previous year.

In the United States, total sales increased with a marginal decline in domestic sales being more than offset by the export business. Better productivity together with improved margins have resulted in a satisfactory growth in profits.

In Europe, Germany marginally increased its domestic volume, but suffered a deterioration in export volume; the absence of a price increase since January 1977 and higher costs have resulted in lower profits. In the rest of continental Europe, volume declined slightly but price increases helped to restore profits. Sales of B.A.T. (UK and Export) in overseas markets increased but profits suffered from the effect of the adverse exchange movement on export prices and expenses incurred in connection with the UK market entry.

In Latin America, improved performance was achieved in the Argentine following the merger of the Nobiles and Páez cigarette companies and the recent easing of price controls. Sales in Brazil and Venezuela increased substantially. In Brazil, trading margins declined owing to a price increase being permitted by the government later than required. Only continuing volume growth enabled profits to keep pace with internal inflation but these suffered when translated into sterling terms. Venezuelan profits were reduced by an increase in tobacco taxation accompanied by stringent price control.



Companies and Markets

UK COMPANY NEWS

# Chubb produces record year: profit tops £15m

RECORD turnover and profits for the year ended March 31, 1979, reported by the Chubb and security systems group. Turnover rose 8.7 per cent from £9.25m to £10.0m while pre-tax profit rose 12.8 per cent at £1.5m, compared with £1.35m. Lord Hayer, chairman, says a current year has started with well-filled order book which could continue to produce good results. Earnings per share are stated at 10.3p, against 17.04p and 53p (10.76p) on the basis of a 11 p charge. The final dividend is 3.475p, making a total of 5.3415p on a 10.3p basis. The company's total assets are £72m and with the rights issue, the Board has forecast a total of 92p for 1978-79.

A major reorganisation at Brighton has allowed the manufacture of a new range of cash registers and cash dispensers and deliveries will start soon. Meanwhile, the company manufacturing coin counting machines has had a successful year both in relation to turnover and profitability. Chubb Fire Security had an outstandingly successful year and trading profits were over 60 per cent ahead of the previous year's figures. Steps are now in hand for a further rationalisation of the UK extinguisher and fire engineering activities.

The year also saw many orders for Chubb fire vehicles. A lot of attention has been given to expansion of all the company's products and this applies particularly in the Middle East.

The chairman says the strengthening of the pound has affected the results. While most companies showed improved results in local currency terms, over £800,000 was lost in the translation of trading profits at the rates prevailing at the end of March 1979 compared with the rates ruling at the same time in 1978.

The progress in Continental Europe continues though as expected the marked increases of last year have not been maintained. The Lips and Gispens group consists of 13 operating companies in Holland, Belgium, Italy, West Germany and France. The expenses of starting up a nationwide sales and service network in France have naturally been heavy but are acceptable in the light of the prospects there.

The South African group's turnover increased 11 per cent compared with the year ended March 1978. However, the after-tax profit declined by 16 per cent for although two activities, locks and safes, showed a healthy growth above that achieved in 1978 and the fire division maintained its position, the alarm division showed a loss for the first time in its history.

The physical security division in the Republic maintained and improved on the recovery made during the previous year and, while was smaller.

despite the continuing depressed state of the building industry, the lock division produced excellent results and maintained their share of the market.

In the Far East a better profit performance from Hong Kong was realised and the new year has also started well. In spite of troublesome economic conditions in Indonesia, the company there continued to make good progress.

In Malaysia operating profits are approximately 10 per cent ahead of the previous year, and the factory in Kuala Lumpur is being extended to meet the growing demands for its products, particularly those of safe deposit lockers.

AGAINST directors' expectations, Durapipe International turned in lower second-half profits of £304,000, compared with £358,000, and finished the year to March 31, 1979, with taxable profits marginally down at £1.01m compared with £1.11m.

The directors say the 9 per cent fall in profits was due mainly to a disappointing result at Ansell Jones and Company, and a period of loss-making in the two newly-established overseas companies, both of which are now operating at a profit.

Durapipe, the major subsidiary, produced an excellent result. At mid-way, the surplus was up from £550,000 to £621,000, and the directors expected profits to maintain continuing improvement.

The directors now say all group companies are currently performing satisfactorily. But the benefits from the substantial development programme are not expected to start to show until later in the year.

Sales of the plastic pressure pipes and fittings and lifting tackle manufacturer were ahead from £2.5m to £2.6m. Tax took £178,437, against £228,554.

The net final dividend of 3.633p per 25p share lifts the total from 4.079p to 4.711p. A one-for-one scrip is also proposed.

The directors say the net asset value — up from 137.3p to 149.53p — is affected by the UK properties revaluation carried out to establish the buildings depreciation which started in 1979.

The group also announces that it has acquired the whole of the capital of S. Turton and Company, of Aldridge, West Midlands, for £402,500 cash.

Turton, which makes and distributes ships' tackle, had net tangible assets of £308,000 at December 31, 1978, including £173,000 in cash. Pre-tax profits for 1978 were £73,000.

Durapipe says the acquisition will augment the product range of its subsidiary Ansell Jones and Company.

profit ahead at £390,000 (£196,000). The retained surplus is up from £162,000 to £435,000 after a dividend charge of £55,000, against £34,000.

The trustees of the S. Bobroff Settlement, Mr. S. Bobroff chairman, and Mr. A. H. Cherry have waived the interim on 2,054,288 shares.

DESPITE the loss of one month's net profits because of the haulage strike and bad weather taxable profits of Brickhouse Dudley rose by 18 per cent in the year to March 31, 1979.

The surplus advanced from an adjusted £1.68m to £2.26m on turnover ahead £3.35m to £2.44m. At mid-way profits were up from £803,000 to £1.17m.

The group, which makes and distributes drainage products for the building and civil engineering industries, is making a final payment of 1.8885p which lifts the net dividend total from 2.3584p to 2.7679p per 10p share. Stated earnings are up from an adjusted 6.28p to 7.21p.

Mr. R. A. Graves, the chairman, says that despite a dull start to the current year there are signs that demand is picking up, and in recent weeks an encouraging intake from home and export markets has bolstered the group's order book.

But he warns that public sector expenditure cuts in construction will inevitably affect UK demand and because of these uncertainties it is difficult to make a firm forecast for the year.

However, after a period of consolidation the group is looking for further expansion in areas allied, where possible, to existing productive and distributive capacity.

The manufacturing division had another successful year throughout which full-time working was maintained. The merchandising division despite the bad weather finished on a high note and further investment is being made to ensure full use of its assets.

On the export side the value of goods exported rose from £4.2m to £4.85m. The order book at the year-end was about 20 per cent higher than at the beginning, at a figure above £1m. But Mr. Graves says it would be unreasonable to suppose that the sharp growth in exports would be maintained.

Tax for the period takes £1.2m, against £1.04m, leaving net profits up from £942,397 to £1,088,000. This time there is an extraordinary debit of £18,501, and attributable profit comes out at £1,069,497 (£942,397).

A professional valuation of freehold and long leasehold properties has shown up a significant surplus and just over £1m has been added to reserves. The 1977-78 figures have been adjusted following a change in

property depreciation policy. The comparative figures for 1978 have been reduced by £38,474.

1978-79 restated

Sales	24,404,000	21,051,000
Trading profit	2,441,718	2,149,154
Interest charges	157,093	157,093
Tax	1,204,585	1,081,397
Profit before tax	2,080,130	1,918,764
Profit after tax	1,079,940	942,397
Attributable	1,069,497	942,397
Dividends	418,223	348,631
Retained	651,274	593,766

and preference dividend absorbs £4,288 (same), leaving revenue available for ordinary holders up from £237,487 to £235,539.

The net interim dividend is raised to 1.6p (1.3p) per 25p share, costing £167,504 (£125,855) — last year, payments totalled 4.6p on £722,000 taxable revenue.

At the half year, net asset value per share is shown at 198p (189.3p) assuming full conversion of loan stock.

1978-79 1977-78

Turnover	10.00	9.25
Pre-tax profit	1.50	1.35
Interest charges	0.10	0.10
Tax	0.10	0.10
Profit before tax	1.30	1.15
Profit after tax	1.15	1.00
Attributable	1.15	1.00
Dividends	0.40	0.40
Retained	0.75	0.60

Adjusted following S.A.P. 18, the rights issue last year added nearly £14m which was used immediately to reduce term loans and to increase balances in the UK. But in longer term the proceeds will principally be used for electronic equipment, says the chairman. Despite this new money, most charges have remained low because of substantially higher rates world-wide.

Chubb Lock and Safe ended the year with increased orders, and profits. Those companies supplying the motor industry continue to strengthen their links with a growing involvement in Europe.

A Chubb Electronics, there been an increase in orders for alarm systems, business alarms and burglar alarms. While the area was made in reducing the cost of trading losses in the Cash Registers and market was maintained, the market as a whole was smaller.

comment

The 29 per cent rise in first half pre-tax profits from Chubb looked a little too good to be true, coming after a fall in 1978, and the balance was redressed by yesterday's figures showing virtually no earnings growth for the final six months. The haulage strike, lost sales to Iran and a debit of about £400,000 on currency conversion were among the second half headaches. Other companies have survived the winter better, however, and Chubb clearly had other problems—notably its South African operation and continuing losses from the Gross Cash Register business. At the trading level, Chubb Fire Security improved by around £1.8m—equivalent to the advance of the group as a whole. The market was unimpressed with the results and marked the shares down 8p to 144p, which gives a fully-paid p/e of slightly over 10. The yield is 5.4 per cent.

A. G. STANLEY

At an EGM of A. G. Stanley Holdings held yesterday a resolution to approve the acquisition of Morris and Blakey Wall Papers was duly passed.

The directors of Stanley have been informed by the Office of Fair Trading that the Secretary of State for Trade has decided not to refer the proposed merger to the Monopolies and Mergers Commission.

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**H. UPMANN**

Havana's favourite Havana since 1844.

Sole Importers: 10 Snow Hill, London EC1A 2EB.

Group Results (unaudited)				
	Six Months to:	31.3.1979	31.3.1978	30.9.1978
				% Increase over March 1978
Turnover	£ millions	3,432	3,147	3,529
Trading profit		230	211	227
Investment income		32	29	32
Operating profit		271	240	259
Interest paid		87	80	86
Profit before taxation		234	210	223
Taxation		106	82	97
Profit after taxation		128	118	126
Minority interest		14	12	13
Net profit attributable to B.A.T. Industries		114	106	113
Analyses by Industry				
Turnover		2,078	2,034	2,440
Tobacco		787	747	665
Retail		413	282	358
Paper		69	69	48
Cosmetics		85	5	18
Other activities		3,432	3,147	3,529
Duty and excise included in tobacco turnover		1,161	1,134	1,413
Operating profit		164	163	188
Tobacco		22	21	3
Retail		60	36	35
Paper		4	1	1
Cosmetics		31	27	32
Other activities		271	240	259
Taxation comprises:				
United Kingdom taxation on income		1	7	(9)
Unrelieved ACT		17	9	22
		18	16	13
Overseas taxation		84	75	84
		102	91	97
Deferred taxation		4	1	—
		106	82	97
Total taxation as a proportion of profit before taxation		45.3%	43.8%	43.5%

In Asia, sales and profits continue to grow although the improved Indonesian results have been adversely affected in sterling terms by the 50% evaluation which took place in November 1978.

In Africa, sales increased which, with improved margins, has led to a satisfactory increase in profits.

**Retailing**

In the US, sales of both Saks and Gimbels benefited from a successful Christmas season and the opening of new stores. Gimbels also benefited from improved margins. Overall profits show an increase on the previous year.

Despite competitive pressures in Illinois, Kohl sales in supermarkets and department stores increased, which, together with improved margins in the Wisconsin food stores, resulted in higher profits.

In the UK, food retailing remained a relatively static market. Continuing competition for sales volume held gross margins in check but international

**B.A.T. INDUSTRIES**

LIMITED

Tobacco · Retailing · Paper · Cosmetics

Worldwide

Windsor House, 50 Victoria Street, London SW1H 0NL.

Stores secured some improvement, reversing the previous downward trend in trading profit.

The acquisition on 15 May 1979 of Argos Distributors, the catalogue showroom shopping operation is not reflected in these interim results.

**Paper**

Nearly 80% of the improvement was attributable to Appleton in the USA, partly due to its inclusion only from the time of its acquisition in June 1978 but also because of significant increases in both sales and profit, compared with the corresponding period of previous ownership. This, for the most part, was due to an improvement in volumes and efficiencies which were achieved in spite of the adverse impact of the severe North American winter on production and sales.

Apart from the Fort William pulp mill and certain minor activities, all operations of the Wiggins Teape Group contributed to the substantial growth in turnover and profits.

Although the UK also experienced the effects of bad weather, as well as disruptions due to industrial action, the value and volume of all UK paper operations showed growth over the first half of 1977/78. Exports of Wiggins Teape products increased despite unfavourable effects of the appreciation of sterling against major international currencies.

The Belgian business continued its substantial growth in volume and profits despite highly competitive conditions. Sales and profits of the European merchandising and distribution businesses again expanded overall.

All other major overseas operations showed marked improvement over the comparative period.

Turnover of Mardon Packaging International increased by 16% and trading profit improved by 20%. All divisions showed improvement, although the inclusion of Boyertown Packaging in the United States particularly helped the Flexible Packaging Division.

**Cosmetics**

Sales remained at much the same level with the reduction from closing down Yardley in the USA being balanced by the growth of Group sales elsewhere. The benefit from eliminating Yardley losses in the USA was offset by poorer results in Australia.

25 June 1979

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In the Matter of  
PENN CENTRAL TRANSPORTATION COMPANY,

In Proceedings for the  
Reorganization of a  
Railroad

Debtor: No. 70-347

NOTICE OF EXCHANGE AND AVAILABILITY OF NEW SECURITIES OF  
THE PENN CENTRAL CORPORATION

Pursuant to Orders entered by the United States District Court for the Eastern District of Pennsylvania (Reorganization Court), the Plan of Reorganization (Plan) for Penn Central Transportation Company became effective on October 24, 1978, at which time the name of Penn Central Transportation Company was changed to The Penn Central Corporation. First Pennsylvania Bank N.A., through its agent, Fund/Plan Services, Inc., Philadelphia, Pennsylvania, has been named Exchange Agent for the purpose of distributing cash and securities of The Penn Central Corporation to the claimants entitled thereto pursuant to the Plan. At the same time, the Reorganization Court directed that no distribution be made to holders of certain bonds which were the subject of appeals which had been filed by the trustees under the indentures securing such bonds. For those appeals which were finally resolved earlier this year, the Reorganization Court directed that distribution of cash and securities should commence after March 27, 1979.

**BONDS NOW ELIGIBLE TO BE EXCHANGED**

The Reorganization Court has now directed that holders of the following bonds will, upon surrender of such bonds, be entitled to receive cash and securities of The Penn Central Corporation:

New York Central and Hudson River Railroad  
Refunding and Improvement Mortgage 4 1/4% Series A  
Bonds and 5% Series C Bonds due October 1, 2013

At this time, holders of such bonds shall be entitled to receive cash, Series A Bonds, preference stock and common stock to which they are entitled pursuant to the Plan as originally approved and confirmed by the Reorganization Court. Subsequently, such holders will be entitled to receive such additional Series A Bonds and such Series B Bonds as may be determined in accordance with the decision of the United States Court of Appeals for the Third Circuit.

**EXCHANGE PROCEDURES**

A Letter of Transmittal with instructions for surrendering such bonds in exchange for cash and securities of The Penn Central Corporation has been mailed to each holder as of June 22, 1979, whose address was known. These documents were not mailed to holders whose addresses are unknown, or whose identities are not known because their bonds are in bearer form. If you own any of the bonds listed above and you have not received a Letter of Transmittal, you may obtain a copy by completing the form below and mailing it to the Exchange Agent.

**SPECIAL NOTICE CONCERNING BONDS NOT TO BE ACCEPTED FOR EXCHANGE AT THIS TIME**

There is a possibility that the treatment under the Plan for the following bonds will be the subject of further judicial review:

New York Central and Hudson River Railroad Michigan Central  
Collateral 3 1/2% Bonds due February 1, 1998

The Reorganization Court has not authorized distributions to holders of these bonds. The Court has reserved jurisdiction to authorize and direct the distribution of whatever amounts of cash and securities to which such bondholders are ultimately determined to be entitled as a result of the appeals or proceedings on remand after the appeals. Consequently, at this time the Exchange Agent will not accept any of these bonds for exchange. If you deliver for exchange any of these bonds, the Exchange Agent will return the bonds to you.

First Pennsylvania Bank N.A.  
c/o Fund/Plan Services, Inc.  
P.O. Box 8717  
Philadelphia, PA 19101

Please send a Letter of Transmittal with instructions in respect to the Plan of Reorganization for Penn Central Transportation Company, Debtor, to:

Name \_\_\_\_\_ (PLEASE PRINT)  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Name of Bond \_\_\_\_\_



## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem.	Vacs.
1978							
1st qtr.	107.0	102.2	99	106.4	246.4	1,409	188
2nd qtr.	110.8	104.5	96	107.9	254.4	1,367	213
3rd qtr.	111.5	105.2	103	107.7	266.6	1,380	213
4th qtr.	110.0	103.8	111	111.7	273.0	1,344	230
1979							
1st qtr.	108.9	101.4	101	110.3	276.4	1,351	224
Jan.	108.4	101.4	94	108.6	271.1	1,329	226
Feb.	110.7	102.5	105	110.4	275.4	1,363	221
March	112.5	107.2	104	110.8	278.8	1,350	236
April	113.0	106.8		115.4	290.8	1,311	250
May				113.5		1,307	237
June						1,280	262

**OUTPUT**—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Hous. starts
1978							
1st qtr.	105.2	98.5	116.3	99.9	96.6	98.0	17.5
2nd qtr.	108.0	98.1	122.4	100.7	101.2	101.2	27.1
3rd qtr.	108.0	99.7	123.2	100.7	101.2	103.6	23.0
4th qtr.	105.5	96.9	123.5	96.8	97.6	101.9	20.2
Dec.	106.0	98.0	126.0	99.0	102.0	102.0	15.8
1979							
1st qtr.	104.0	98.2	125.6	98.3	97.1	99.3	12.7
Jan.	99.0	92.0	117.0	92.0	77.0	95.0	10.1
Feb.	104.0	100.0	125.0	100.0	102.0	100.0	12.7
March	108.0	103.0	130.0	103.0	113.0	103.0	15.4
April	108.0	103.0	131.0	103.0	109.0	101.0	17.9

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance; oil balance (fml); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn
1978							
1st qtr.	119.6	113.5	-390	-369	-620	105.7	20.63
2nd qtr.	122.2	109.7	-173	-208	-414	104.9	16.73
3rd qtr.	124.8	114.9	-367	-134	-301	106.1	16.53
4th qtr.	124.8	112.3	-39	-430	-480	106.9	15.77
1979							
1st qtr.	110.3	113.3	-1,181	-787	-237	107.7	16.78
Jan.	112.0	107.1	-128	-6	-62	107.4	16.26
Feb.	100.7	117.0	-766	-635	-78	108.1	16.62
March	117.3	115.7	-289	-158	-97	107.4	17.45
April	128.4	127.2	-327	-217	-114	108.5	21.47
May	132.6	127.8	-185	-75	-54	108.0	21.53

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (fml); building societies' net inflow; H.P. new credit (all seasonally adjusted). Minimum lending rate (end period).

	M1	M3	Bank advances	DCE	RS inflow	HP lending	MLR %
1978							
1st qtr.	24.3	24.8	17.5	1,811	1,049	1,373	61
2nd qtr.	10.1	13.0	24.5	2,800	694	1,506	10
3rd qtr.	17.2	8.3	8.0	391	746	1,541	10
4th qtr.	13.1	13.0	8.7	1,875	878	1,376	12
Dec.	13.1	13.0	8.7	1,092	254	307	12
1979							
1st qtr.	7.3	10.1	32.7	1,672	777	1,586	13
Jan.	14.6	18.9	21.2	1,021	380	825	12
Feb.	17.6	2.06	34.1	1,089	231	331	14
March	7.2	10.1	32.7	263	257	630	13
April	18.8	7.2	19.1	846	343	572	12
May	12.9	7.9	20.6	943	309		12

**INFLATION**—Indices of earnings (Jan. 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); F.T. commodity index (July 1982=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matls.	Wholesale	RPI	Foodst.	F.T. comdty.	Strg.
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.2	258.81	64.8
2nd qtr.	129.9	146.2	151.8	195.8	203.8	242.27	64.3
3rd qtr.	133.2	144.9	154.8	199.2	206.2	233.74	62.4
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
Dec.	138.0	148.3	158.3	204.2	210.5	257.69	63.2
1979							
1st qtr.	140.2	152.2	161.3	208.9	218.8	268.83	64.1
Jan.	135.7	150.8	160.0	207.2	218.8	268.83	63.5
Feb.	141.1	152.2	161.7	208.9	218.7	267.36	63.7
March	142.7	153.3	163.2	210.6	218.7	268.83	63.7
April	144.3	153.3	163.3	212.4	221.5	272.11	66.9
May		160.7	167.2	213.9	224.0	273.30	67.4

Not seasonally adjusted. \* Reserves: now revised annually, new estimates.

## BLUNDELL-PERMOGLAZE Holdings Limited



"A satisfactory increase in profits... we face the remainder of the year with confidence"

N. G. Bassett Smith, C.V.O., Chairman

Extracts from the Interim Statement

	Half Year (unaudited)	Full Year
Sales	8,907	9,104
Profit before Tax	689	603
Attributable to Ordinary Shareholders	329	288

Turnover increased by £300,000 after taking into account £995,000 included in 1978 figures in respect of the Scottish Division whose activities were subsequently terminated.

Satisfactory increase of 14% in pre-tax profits achieved despite fiercely escalating raw material prices, poor weather conditions and the haultiers strike.

Special dividend of 0.38p per share (representing the additional dividend which would have been paid last year had Treasury regulations permitted).

Interim dividend of 1.20p per share.

Intention to increase further the distribution to ordinary shareholders, consistent with the level of improved performance.

Forecast of a further increase in profits at the end of the year.

Group of companies concerned with the manufacture of decorative trade paints and industrial finishes.

## Companies and Markets

## UK COMPANY NEWS

## Hickling Pentecost makes advance to £894,000

A RISE in second-half profits from £384,214 to £513,564 for Hickling Pentecost and Co., textile making and commission dyeing group, pushed the pre-tax total for the year ended March 31, 1979 to a record £893,991 compared with £600,213. Turnover increased by £13m to £10,977m.

At the interim stage, the directors forecast a satisfactory second six months. But in view of the increase during the second half last year, they said, it was unlikely that the group could repeat a similar level of growth in 1978-79.

The group continues with its substantial programme of further modernisation and expansion, particularly on knitwear and on wide fabric dyeing facilities. Demand has been sufficient to allow production to continue at an economic level and the division is expected to maintain its profit level for the first half in the current year.

After tax of £145,490 (£107,505) earnings per 50p share were up by 10.2p to 29.34p, while the total net dividend is lifted from 7.19p to 8.6p with a 5.8p final.

A divisional breakdown of the 1978-79 profits before tax shows: knitwear, dyeing and finishing £289,156 (£198,797) and warp knitting £30,817 (£11,875).

The knitwear division was able to take advantage of the continued interest in natural fibres, particularly in the export market. Although exports showed a minimal increase for the year, they made a major contribution to the division's profit. Trading conditions on the home market are less buoyant in the current year.

However, demand has been sufficient to allow production to continue at an economic level and the directors expect the division to maintain its profit level for the first half-year.

The dyeing division experienced a period of low activity at the beginning of the year.

Changes in its management structure in April, 1978, followed by a programme of product rationalisation which reduced duplication of production, resulted in improved efficiency and in November, the Talbot Street factory, which was trading at a loss, was closed.

This sector has made a better start to the current year and should derive further benefit from the reorganisation, the directors state. However, there is concern regarding the rapidly rising cost of fuel oil and the present 15 per cent reduction in supply, which is particularly affecting its factory in Northern Ireland.

The warp knit division showed an improved profit due to the additional machinery installed. During the year, however, it was severely affected by a shortage of yarn due to the road haulage strike which coincided with a general tight yarn supply position, as a result of the rationalisation carried out by textile producers throughout the EEC.

AS FRESHADOWED at the interim stage, full-year profits of RTD Group have been reduced by the combined effect of the disposals of its distribution subsidiaries and setbacks in its markets in Iran and the Middle East.

After the midway fall from £157,000 to £65,000, pre-tax profits for the year ended February 28, 1979 dropped to £128,125 compared with £228,000 in the previous year of £6,130 (£18,830m).

After-tax profits at £43,667 against £140,765, show a greater percentage reduction due to the incidence of tax disallowable expenses arising from the disposal of subsidiaries.

Profits of the group's existing companies declined from £188,986 to £80,275, before tax of £45,520 (£11,827,000). Recurring profits of the subsidiaries sold during the year, to the effective date of sale, were £48,980 (£137,873), subject to £40,208 (£73,048) tax.

There were extraordinary credits of £49,030 (£108,807) debits, being the surplus realised on the sale of Motor Cycle Equipment (Birmingham), partially offset by provisions for relocation costs at the electroplating and motor accessory factories and a sum relative to the unrelieved terminal tax losses.

Stated earnings per 20p share were lower at 5p (8.3p) and the directors state that having regard to the group's difficulties and to the presence of a debit balance, a 10p dividend is recommended—the last payment was a 0.65p net interim in respect of 1978-77.

They say consideration of dividends in future years is not precluded provided that sufficient profits are available in those years to meet such payments.

The group is now more financially secure having completed its fundamental reorganisation in which the substantial level of borrowings has been reduced to more acceptable proportions, the directors add.

At the interim stage, the high level of borrowings and at the same time to specialise group activities in electroplating and general set production, the group announced in 1977 a plan for the sale of its activities outside these fields. This project has now been concluded with the sale of Robin Rennicks and Motor Cycle Equipment (Birmingham).

The directors say the primary objective, as mentioned in the 1977 annual report, of bringing about an improvement in the extent to which the group was relying on borrowings, has been achieved. But the adverse profit effect of this, was increased by the group's important markets.

The planned improvement in debt equity ratio with a 53 per cent reduction in secured borrowings, as forecast, inevitably involved a consequential profit fall, they explain.

An extensive reorganisation has been put in hand in the group's electroplating and motor accessory business. The volume of production for export to OPEC countries has been reduced and emphasis given to electroplating services for the balance, as the UK dividend reduction resources redeployed accordingly. Results of these actions will be seen during the current year.

In the other electroplating businesses servicing primarily the UK market, trading has been

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## Companies and Markets

## UK COMPANY NEWS

## ● NEWS ANALYSIS: HYMAC SALE

## IBH purchase gets to grips with the problem

BY HAZEL DUFFY

The sale of Hymac to the German IBH group comes at a time when the European construction equipment industry is in fairly urgent need of rationalisation.

For more than a decade, the planners in Whitehall have been advocating that the British-owned sector of the UK industry should strengthen itself through mergers and in France, Italy and Germany, there have been similar efforts to promote companies which will be able to stand up to the competition of the multi-nationals.

The argument in support of larger units is that they alone can offer the range of equipment which is required by the construction industry. While there are still some successful companies fulfilling a one or two product role, they form a diminishing proportion of the whole industry.

## Typical problem

This process towards the dominance of the industry by large corporations, mostly American, has been accelerated by the extremely difficult conditions faced by the industry worldwide during the economic recession.

Hymac's parent company, Powell Duffryn, was faced with the typical problem of a narrow product range. Its main product is the 380 degrees hydraulic excavator, which enjoys a dominant share of the British market.

Exports, however, are small, although its other product—a backhoe loader which was developed through its acquisition of Whitlock in 1972—has been more successful in France and Germany. Penetration of the British market with this product,

which is dominated by J. C. Bamford, has been minimal.

With a turnover of £40m annually, Hymac is one of the larger British-owned companies in the industry. But it is facing increasing competition from domestic manufacturers, including J. C. Bamford and Priestman (part of Acrow), while international competitors are plentiful, including Pöclain, Liebherr, Orestein and Koppel, and Atlas.

In Europe, plus multinationals including Caterpillar, Fiat-Allis and Massey-Ferguson.

Powell Duffryn had to decide at some time whether to extend Hymac's product range, or sell off the company. In the current market conditions, there is no shortage of construction equipment companies up for sale, which could have been acquired to extend the product range.

Most, however, need considerable management resources to steer them round, and for a group like Powell Duffryn, which is not heavily committed to the industry, it was an option with few attractions. The alternative of developing new products from scratch is very expensive while Hymac is making only a small profit.

It is a course that is only open to a company like John Deere, the American group, which enjoys sales of around \$1bn in construction equipment.

The decision to sell Hymac was made probably some time ago, although it was never announced in the way that BL publicly put Aveling Barford up for sale at the beginning of this year.

Mr. Horst-Dieter Ewch, founder and chief executive of IBH, began discussions with Powell Duffryn only last month.

The £5m purchase price, representing the book value of Hymac equity, reflects the

"buyers' market" conditions in construction equipment companies at the moment.

In addition, IBH, which has grown rapidly in a very short space of time by making acquisitions of this type, has received a useful injection of cash through Powell Duffryn's agreement to subscribe for 58m of new shares in IBH.

Mr. Ewch insists that the two deals—the purchase of Hymac and the equity subscription—are quite separate.

IBH now has an established presence in Germany, France and the UK, and will be pushing for a £170m turnover next year. Mr. Ewch maintains that he needs to make just one more sizeable acquisition, and IBH will be European leader.

## First European

Apart from Aveling Barford, a number of other European companies are known to be up for sale, including Richier in France, a subsidiary of Ford.

For a company which was only set up in 1973, IBH is taking some big bites which it might find itself unable to digest. If it succeeds, however, it will be able to proclaim itself as the first European company in the industry. It may not be what the Whitehall planners had in mind when they urged the British industry to get together in the face of American competition.

They would almost certainly prefer to see Aveling Barford, for example, finishing up with Acrow, which is in discussions with BL. But the IBH option must be preferable to the rapid deterioration in morale in companies whose future is so uncertain.

## Cattle's fall to £1.38m

From turnover of £44.3m against £34.5m, profits before tax of Cattle's (Holdings), consumer finance and retailing group, amounted to £1.38m in the year ended March 31, 1979 compared with £1.47m in the previous year.

Profit is struck after interest, more than doubled from £322,000 to £1.11m and an increased transfer to deferred revenue of £940,000 against £583,000.

First half pre-tax profits had improved from £608,000 to £760,000 and the directors said prospects for the rest of the year were viewed with optimism.

Tax charge for the year is £283,000 (£831,000) and attributable profit is £1.38m against £339,000 after a £280,000 (£1,000) extraordinary profit.

The total dividend is effectively raised from 1.76p to 2.1p with a 1.15p final.

The directors say 13 new Shopcheck branch offices were opened and the costs involved totalled some £70,000. It is expected that break-even point will be reached in the majority of these locations by the end of the current year.

The acquisition of Premier Clothing and Supply Company with 42 branch offices in Wales and the South West of England in the closing weeks of the financial year gives the group opportunity for expansion without the necessity for new branch openings at the same rate as in the past two years.

The balance sheet shows net assets at almost 29p per share compared with 24.3p per share on an equivalent basis last year. Customers accounts receivable are approaching a 50 per cent increase at £22.1m and deferred revenue is £44.1m compared with £3.06m.

## ● comment

Cattle's 25 per cent profit increase in the first half has been completely wiped out by a hefty rise in interest charges during the second six months.

During this period the average cost of borrowing was roughly 13 per cent, almost double the rate of the previous comparable half-year, but the additional expense was not passed on to customers. Pre-interest, the picture looks much healthier. Sales in the financial services division, which includes the Shopcheck domestic finance activities, showed a 30 per cent improvement after stripping out new outlets, the result is much in line with the national increase in new credit—while the less important insurance broking side turned in a 40 per cent advance. Meanwhile, prospects for the current look decidedly better. Group sales are about 30 per cent higher than a year ago and the company has decided to pass on the additional borrowing costs. At 33p, the historical yield is around 9 per cent and return not dissimilar to Provident.

## Harrisons and Crosfield policy

Harrisons and Crosfield intends to provide for Malaysian (Bumiputra) participation in its Malaysian subsidiaries in accordance with that country's national economic policy. Details of the bases agreed will be given to members as soon as available, says Mr. Thomas Prentice, the chairman.

The group's representatives in India are already involved in meeting the requirements of the 1973 Indian Foreign Exchange Regulations Act and in executing plans to transfer the estates of Malayalam Plantations (Holdings) to an Indian company to enable Indian shareholders to participate.

As known the group became plantation owners in 1978 following the acquisition of Malayalam and Hareros Investment Trust together with the merger with Harrisons Malaysian Estates of which it now owns over 90 per cent. By May of this year, its market capitalisation had reached £335m, compared with £78m at the end of 1977.

At the end of 1978 total borrowings were up from £12.18m to £30.21m including amounts repayable, or renegotiable, within one year of £16.37m (£10.19m), and net liquidity was down £8.26m.

As reported June 8, taxable profit for the year was £53.38m, against a restated £53.37m, and the net dividend is raised to 24.03p (£1.78p).

Sales of £546m (£579m) and profit before interest of £54.33m (£54.36m) was split as to: plantations £72m (£78m) and £27.72m (£27.89m); chemicals and industrial £110m (£106m) and £8.8m (£8.54m); timber £110m (£98m) and £6.55m (£7.29m); and general trading £284m (£297m) and £5.01m (£5.93m).

Meeting, 14-20 St. Mary Axe, EC, on July 19 at 11.15 am.

## Second half boost at Tranwood

A strong second half lifted taxable profits of Tranwood Group from £82,025 to £104,693 in the year to January 31, 1979. At midway, the surplus was lower at £21,000, against £33,000.

Last year's profit included a temporary employment subsidy of £143,066.

Turnover for the year was virtually unchanged at £6.28m (£6.25m). Tax took £80,000, compared with £23,864.

Fully diluted earnings per 5p share are given as 0.5p (0.45p). There is again no dividend—the last payment was made in 1976/1978.

Principal activity of the group is the manufacture, distribution and retail of hosiery and associated products.

## Hardys &amp; Hansons rises to £0.94m at halfway

TAXABLE PROFITS of Hardys and Hansons, brewer, advanced from £793,000 to £940,000 in the six months to March 30, 1979, on turnover of £5.33m, against £4.79m. In the last full-year, the surplus reached £1.98m, compared with £1.61m.

The directors say trade was disappointing in the second quarter and this trend continued in April and May. However, with the warmer weather, trade improved in June.

Tax for the half-year took £489,000 (£414,000). There is an extraordinary credit of £51,000 (£136,000).

Earnings per 25p share are given as 9.035p, against 7.595p. The net interim dividend is raised from 2.3p to 2.6p—last year's total was 7.8p.

Depreciation rates of the close company have been revised so that all items are now written off on a straight line basis; comparisons have been restated.

Milbury has acquired Greenhurst Building Company of Oldham. Consideration was £377,880 cash with an option to buy additional tax losses for a further £7,000.

£396,000 to £332,000. Comparisons are adjusted. Earnings per 25p share are shown 1.99p higher at 6.95p.

## Caledonian at £1.24m mid-year

PROFITS BEFORE tax of Caledonian Holdings, a subsidiary of Comet Radiovision Services, expanded from £385,000 to £1.24m for the six months to March 31, 1979, on turnover of £23.45m compared with £19.88m.

At three months, taxable surplus stood at £998,000, against £688,000 which included a £89,000 temporary employment subsidy.

After tax of £645,000 (£339,000) and an extraordinary debit of £263,000 this time attributable profits for the half year fell from

## Gresham House ahead

PROFITS of Gresham House Estate increased from £433,000 to £451,000 in 1978 subject to tax of £199,000, compared with £147,000.

Despite more than doubled pre-tax profits of £211,000 against £96,000, at midway, the directors had repeated an earlier warning that full year profits were not expected to be higher than those of 1977.

A second interim dividend of 1.9p against 1.6p lifts the total for the year from 3p to 3.3p. In the previous year, there were extraordinary items of £36,000.



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## Finance for Industry Limited

(Incorporated in England under the Companies Acts 1948 to 1967)

£30,000,000

12½ per cent. Sterling/U.S. dollar payable Bonds 1989

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The 30,000 Bonds of £1,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange of the United Kingdom, subject only to the issue of the Bonds. Interest is payable annually on 1st July, the first such payment being due on 1st July, 1980.

Particulars of the Bonds are available from Exel Statistical Services Limited and may be obtained during normal business hours up to and including 13th July, 1979 from:—

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28th June, 1979.

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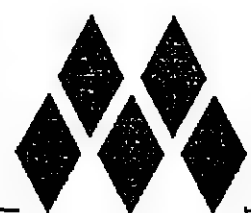
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Mercantile House Holdings Limited

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## 28 companies wound-up

Orders for the compulsory winding up of 28 companies have been made by Mr. Justice Slade in the High Court. They are: Novay Trading Company; G. A. Baker (Metal Merchants); Premier Photographic Printing Services; D. J. Humphrey Salvage; Guardian Properties (Central); John-Line (Stewkley); Pateslate; Swordecourt Properties. Three Square Holdings; Alphal Estates; Dolbow; Wadesons (Wigan); Brookmount Investments; Roarby and Brennan; Karen Aspholte Company; Gainsborough Distributors (UK); Plaza Tow; Scottish Timber Products; Westcliff Electronics. E. H. Marley and Partners; Vernon Humpage (International); R. Ashton and Sons (Stoke Newington); Woodpest Eradication Company; Mogus Oil Storage Company (South East); Limsten; Parker Brothers (Stationers Confectioners and Tobacconists); Futura Engineering; and Lanaghan Bros.

## New leasing company

OFFICE International Leasing has been formed as part of the Glasgow-based Office International Group, the retail office equipment group which is expected to increase to about £40m this year. Chief executive is Mr. R. W. Forsyth, who was previously Scottish manager for Hamilton Leasing.

## HICKING PENTECOST &amp; CO. LIMITED

## PRELIMINARY FIGURES

Results for the year ended 31st March, 1979:

	1979	1978
Turnover	£ 10,672,577	£ 9,372,332
Trading profit	969,376	671,757
Interest	75,385	71,344
Group profit before taxation	393,991	600,413
Taxation	145,490	107,505
Dividends		
Interim 2.8p (1978: 2.3554p)	71,441	59,587
Proposed final 5.5p (1978: 4.8643p)	147,985	124,111
Earnings per Stock Unit	219,426	183,698
	29.34p	19.32p

\* Profits increased by 48%

\* Improved results in all divisions

\* Dividend increased again

\* Annual General Meeting Monday, 10th September, 1979







## A FINANCIAL TIMES CONFERENCE

By RICHARD LAMBERT, FINANCIAL EDITOR

## BUDGET 1979

JULY 23 &amp; 24, 1979 DORCHESTER HOTEL, LONDON

The Budget and Finance Bill, new directions for the British Economy are topics to be discussed at this Financial Times Conference to be held in London on July 23 and 24.

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A FINANCIAL TIMES CONFERENCE

## Two men with a formula for acquisitions

THE STORY of Brown and Jackson is, in many respects, an exercise in sheer nostalgia. The company is a mini-conglomerate, which has transformed its shape by a rapid series of acquisitions.

Its two key executives talk about synergy, growth, counter-cyclical investment, and many of the other concepts we all used to love. Their image has been discreetly brushed, as demonstrated by sheaves of Press cuttings of "The men with the Midas touch" variety.

And so far, at any rate, they have been startlingly successful. The share price rose by no less than 645 per cent in 1978, and has leapt further ahead this year—from a low point of 41p to the current 260p. A business which 18 months ago was pottering along with annual profits of a few hundred thousand pounds is now valued by the stock market at £26m—over four times its net tangible assets.

Joint chairmen and managing directors are Mr. Christopher Bailey, aged 40, and Mr. Brian Duffy, 36. Trained as accountants with Arthur Andersen, they set up on their own as industrial consultants in 1969, specialising in turnaround situations and being paid on the basis of results. In 1974, they were given their first assignment by a company called Prestamp, and when Prestamp bought a 27 per cent stake in Brown and Jackson in 1976 (subsequently increased to nearly 30 per cent), the two accountants were asked to be its Board representatives.

Bailey and Duffy themselves only have a relatively small beneficial interest in B and J. However, says Mr. Duffy, "if you are asking whether we have done some tax planning along the way, the answer is yes."

The ultimate ownership of Prestamp rests with a charitable trust based in the Channel Islands.

For their first fifteen months at B and J, the two new board members had little visible impact on the business. It was, they say, a clean public company with a sound record, and a good reputation as a builder in the North West, specialising in hospitals, office blocks and the like. However, there was some tidying up to be done. B and J had been taking on some unprofitable contracts during the building recession, and had opened a loss making

office in the South West. These were quickly pruned.

By the beginning of 1978, Bailey and Duffy—now chief executives of the business—were ready to move. Their first acquisition was a local systems building company, and it bore many of the hallmarks of what was to follow.

This company was a private family business with a steady record and sound management—and its owners were running into shortfall problems with the Inland Revenue. It was flush with cash, and had little incentive for expansion under a tax regime which left highly taxed dividends as the only reward for business risk.

The price was £1.15m cash, of which only part was payable on completion. A balance of £487,000 is payable in 1980 and 1981, subject to the company hitting an agreed profits level. In the event it made around £350,000 in 1978—two-fifths more than the warranted level—and it continues under its original management.

This formula has now been repeated half a dozen times, with only a few variations. In several cases, the vendors have been left with a significant minority stake in their business. In the most recent deal, B & J used Preference shares as well. And, most significantly, it has now moved well beyond the confines of the construction sector.

Its second acquisition was a construction company in the East of England, which was quite similar in shape to B & J. Since then it has bought:

- A wholesaler of toiletries to the supermarket trade.
- A company doing the same sort of thing with fancy goods, like crackers and toys.
- A firm of knitwear importers.
- A footwear importer, manufacturer and distributor.
- A company which markets warranties on motor vehicles to UK garage outlets. It acts rather like an insurance broker, taking a premium from the garage and reinsuring the risk. In total, these purchases have cost just over £7m, of which roughly £2.7m is payable on a deferred basis subject to the companies concerned reaching agreed profits figures. This year, B and J could make profits of around £5m, of which the importing and distribution side could contribute over half. The car warranty business is scheduled to chip in £1m, and



Mr. Brian Duffy, chairman, and Mr. Christopher Bailey, managing director of Brown and Jackson.

construction could come in with something like £1m.

For perspective, profits in 1978 were £1.5m, and the year before that they were just £341,000.

Where is the catch? Duffy and Bailey say that their activities should not be compared with those of the takeover kings who flourished briefly in the go-go years of the late 1960s and early 1970s. They say that they are different, in four key ways:

1—They have not used their ordinary shares to finance any of their takeover bids so far, and they do not expect to do so in the future. This means that they are not trapped on the earnings per share treadmill, whereby each bid has to be bigger than the last in order to keep the wheel turning. And a setback in the stock market would not destroy their raison d'être.

2—All acquisitions are independently financed, so that expansion in one part of the business does not have to be financed by milking another. And they say that their company is not going to become over-gear.

The result is that if there are no more bids, the year-end balance sheet is expected to include £3m cash, and net tangible assets could represent three-fifths of the balance sheet total.

3—B and J has taken steps to tie-in key management by leaving them with minority stakes in their own companies. 4—There is much less competition for would-be bidders than there was in the

early 1970s, when too many people were prepared to pay too high prices for businesses that should never have been bought in the first place. "How many other entrepreneurs do you know doing this kind of thing?" asks Mr. Bailey.

The trouble is, however, that only a certain kind of business fits these criteria. Any significant involvement in manufacturing is out, since it ties up too much money in fixed assets and working capital. Each acquisition has, in effect, to be financed out of its own future cash flow, and B and J has not so far put any major new investment into any of its businesses.

Finally, deferred payments tied to tough profit warranties are not every vendor's idea of the big pay-off.

"It's funny," muses Mr. Duffy, "Marks and Spencer's profits have only just about kept pace with inflation in the last few years, and yet it is valued by the stock market on a price/earnings ratio of 15 to 20." The implication is that something is wrong with B and J's valuation—despite the dizzy rise of its share price—since its prospective p/e may be as more than around 7.

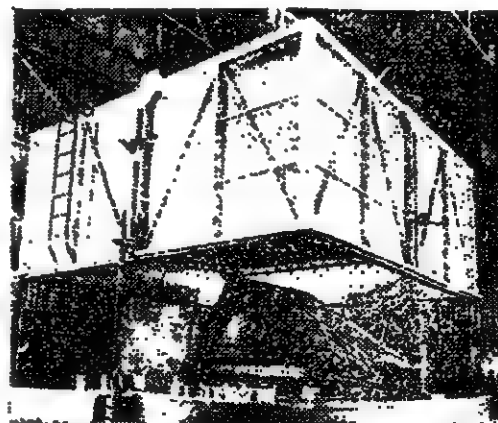
Yet a group that consists largely of acquisitions which have been made in the very recent past, often no more than two or three times their annual earnings, can hardly warrant a much higher rating itself. What are the prospects for sustained organic growth in activities of this nature? This is a question which only time can answer.

At Luxus Limited, Louth, this electric truck handles 40 tonnes of material a day with total reliability.

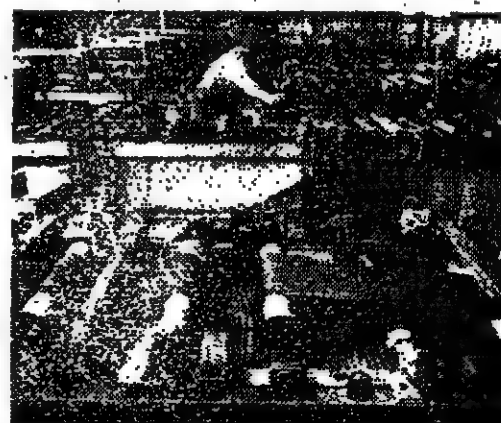
## Electricity gives productivity a lift

Each of the companies featured in this advertisement can attribute real improvements in its operations to the wise use of electricity. Electricity is clean, flexible, cost-effective power, instantly available at the touch of a switch. To find out how electric processes can

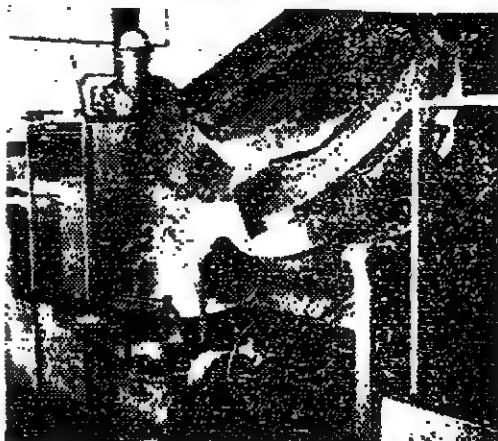
increase your company's efficiency and profitability, get in touch with an Industrial Sales Engineer at your Electricity Board. Alternatively, write to The Electricity Council, Room 2R4, 30 Millbank, London SW1P 4RD for a copy of 'Electricity. Results on application', a new booklet of case histories.



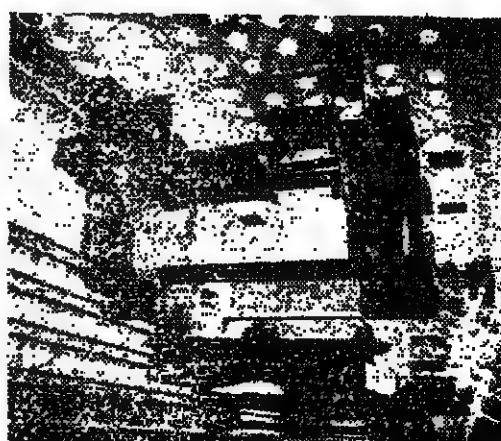
Stainless Metalcraft Limited, Chatteris, cut heat treatment costs by 25% with electric LTM furnace.



Electric vat heating gives Daly Condensers Limited, Weymouth, more economic anodising.



Lower operating costs and greater productivity for R Hunt & Co. Limited, Earls Colne, with electric melting.



Blaw Knox Limited, Rochester, speed paint drying with electric infra-red oven.

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The Electricity Council, England and Wales

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Companies and Markets

## INTERNATIONAL COMPANIES and FINANCE

## AMERICAN NEWS

## Chrysler seeks State financial relief

BY DAVID BUCHAN IN WASHINGTON

WHITE HOUSE and the Treasury are studying requests from Chrysler for special federal breaks and a relaxation of economy and car emission standards to ease the position of the financially ailing motor company.

It is believed that the administration is still far from giving to the Chrysler request, which would require legislation in Congress. Insisting that the car company open up its books and give all other options, before aid is considered.

particular, Chrysler is not allowed to delay the emission standards into effect in 1981 on cars, and for a tax refund future tax easement, or a Treasury team under Roger Altman, one of Secretary Michael's top aides, is considering the request by Chrysler to carry back more of its present losses against past years' profits, and so to get a rebate on tax already paid.

The company has also suggested spreading out of its tax bill over future years.

Talks between the car company and the government were initiated between Mr. John Riccardo, Chrysler's chairman, and Mr. Stuart Eizenstat, President Carter's top domestic adviser, last week at the request of two Senators whose home states have substantial Chrysler operations—Senator Don Riegle of Michigan and Senator Thomas Eagleton of Missouri.

Bailing out lame duck companies, even if Chrysler is the third largest U.S. car company, would be far from popular, as was shown by the very narrow approval given in Congress to Federal loan guarantees for Lockheed Corporation a few years ago.

Chrysler builds tanks for the U.S. Army, but is a much smaller defence contractor for the Government than Lockheed, and "it is by no means clear that the Government has to help Chrysler in order to go on getting tanks," said one Administration official.

The alternatives which the Administration has insisted that Chrysler first examine include private financing, and a possible merger with another company.

Reports of a possible merger with Volkswagen, the German car major, are apparently unconnected with Chrysler's present negotiations with Washington. But it is inconceivable that General Motors or Ford would be allowed to take over Chrysler, and unlikely that many non-car companies in the U.S. would want to, so that may only leave the option of a foreign bidder.

John Wyles adds from New

York: Chrysler first started knocking on the Administration's door late last year with an application for \$250m of Government loan guarantees to help finance a proposed new parts manufacturing plant in Richmond, Indiana.

But the application concentrated the Government's mind only in the sense that President Carter decided that the Federal loan guarantee programme had been devised to help small, capital-hungry businesses, not large, financially strapped corporations. As a result, he imposed a \$50m ceiling on guarantees which could be granted to any one company.

Chrysler has since applied for this amount to help pay for the expansion of an existing parts facility and has abandoned plans for a new plant. Other applications may be on the way to help finance modernisation of existing plants.

Chrysler's problem appears

to be that it cannot yet present conclusive evidence of an impending financial collapse, which might warrant a government rescue operation. Instead, it has to argue financial deterioration due to problems in the market place. Last year the company lost \$204.6m, and it may lose a similar amount this year too. As a result, the rating agencies have downgraded its debt, making further public debt issues extremely difficult.

This financial pressure is complicating efforts to fund the \$7.5bn of investment which, by 1984, is intended to produce new models capable of improving the company's weak market share—currently about 11 per cent—and which would also comply with Government regulations on fuel economy and emission standards.

There is little doubt that Chrysler would like to be exempt from these,

## EUROBONDS

## Keen investor interest in Deutsche-Mark issues

BY FRANCIS GHILLES

FURTHER evidence of the strong investor demand for Deutsche-Mark-denominated bonds emerged yesterday with strong indications that the World Bank would be floating a DM400m 12-year bond issue carrying a coupon of 7½ per cent through Deutsche Bank.

This bond would bring the amount of new D-Mark-denominated foreign bonds floated this month to DM 900m, the highest monthly figure since January.

In February a volume of new issues of DM 950m was agreed by the German capital markets Sub-Committee, but about one third of this total was never floated because the D-Mark sector deteriorated in the course of that month.

As rumours of this new issue spread yesterday morning, prices of seasoned D-Mark bonds shot up a point across the board but prices recovered in the afternoon. Prices could weaken again today if the calendar of new D-Mark issues

for July is fixed at too ambitious a level. Most German bankers feel a "reasonable" volume of new bond issues means a figure of no more than DM800m, including the mooted issue for the World Bank.

In the dollar sector of the market, dealers marked prices up in the morning in an attempt to get the Eurobond market to follow the lead of the New York market. But with no buyers around prices were marked down in what were described as nervous trading conditions. The latest straight dollar issue, the \$500m bond for Dome Petroleum, was quoted in the grey market yesterday at a discount of 14-24 points.

Four floating rate notes issues were priced yesterday. The issue for the Royal Bank of Scotland, led by Credit Commercial de France, was priced at par after being increased by \$15m to \$75m. Indicated conditions were unchanged: a split maturity, 1988-94, and a minimum

coupon of 5½ per cent.

There has been more demand for this FRN issue than for any other currently on offer because of the high quality of the name, the scarcity of the paper (it is only the second FRN for this borrower) and the relatively short maturity of the issue.

The \$75m 12-year issue for IC Industries was priced at par by the lead managers, Merrill Lynch and Paribas.

The \$400m FRN for Indesuez was also signed yesterday: this ten-year bullet issue carries a minimum coupon of 5½ per cent. The \$55m ten-year serial note for Banque Extérieure d'Algérie was signed yesterday in Algeria; this issue includes a minimum coupon of 7½ per cent for ten years. Lead manager is Dillon Read Overseas Corporation.

The next floating rate note issue for an Algerian borrower is expected to be for Sonatrach, in the Asian dollar market. Lead manager is expected to be Credit Lyonnais.

## Kaiser lifts Florida Mining bid terms

David Lascell in New York

ONE of this year's most takeover battles, the fight for Florida Mining and Mills, a small Southern iron producer, flared yesterday when Kaiser Cement used its offer from \$32.50 per share, capping the \$40 from Moore McCormack.

A month ago, the shares trading over the counter at \$23, there was no immediate action from either Moore McCormack or Florida M and M Kaiser's bid, which values the company at \$72m.

Intensity of the battle for a M and M, whose total assets last year were only \$10m, stems partly from rivalry on the two families who have the biggest stake in it: year, both Kaiser and McCormack were suitors of a protracted battle to Company.

## Thomson International buoyant

BY TIM DICKSON

INTERNATIONAL Thomson Organisation, the Canadian holding company formed last year to house the interests of the former Thomson Organisation, continues to perform much as expected, Lord Thomson, the chairman, told shareholders.

The troubles at Times Newspapers may have dominated the

debate at yesterday's meeting but Lord Thomson still found time to describe the current performance of the remainder of the group.

Last month International Thomson announced pre-tax profits for 1978 of \$136.7m (\$82.1m) compared with \$81.7m.

Travel bookings in the UK

remain satisfactory, while the regional newspapers, magazines, book and information companies were producing results in line with plans.

Turning to the group's oil interests, Lord Thomson reported that Thomson North Sea was benefitting from higher prices.

## Brazil disciplines money markets

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL'S National Monetary Council has taken steps to discipline activities of banks, brokers and other financial institutions on the "open" or Treasury bond and bills market.

This market has, in recent times, been a field for heavy speculation artificially forcing up interest rates on bonds and bills, which are the parameters

of all monetary adjustments, and keeping commercial and investment bank lending rates at over 55 per cent annually, a level that has contributed heavily to an annual inflation rate now running at 45.9 per cent.

The Monetary Council has now banned financial institutions from overnight dealings on the open markets that are

not covered by an institution's own assets.

In recent times, using a loophole in monetary legislation governing access by individuals or firms to the Treasury bills they have purchased, financial institutions have regularly issued administrative cheques on one day, backed by clients' Treasury bills and not their own bills or reserves.

## FT INTERNATIONAL BOND SERVICE

A list shows the 200 latest international bond issues for which an adequate secondary market has been established. For further details of these or other bonds see the complete list of Eurobond prices published second Monday of each month.

HTL	Issued	Bid	Offer	Change	Yield
Australia 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Canada 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
France 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Germany 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Italy 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Japan 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Netherlands 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Spain 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Sweden 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Switzerland 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
UK 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
USA 10.88	100	85 1/2	86 1/2	+1 1/2	10.12
Other 10.88	100	85 1/2	86 1/2	+1 1/2	10.12

## Kennecott sees dramatic recovery

By Our New York Staff

THE CHAIRMAN of Kennecott Copper, the largest U.S. copper producer, has predicted a dramatic recovery in the company's earnings this year.

Mr. Thomas D. Barrow, the chairman and chief executive, said that he expected the next three quarters of the company's financial year to be even stronger than the first quarter, adding that for the year as a whole predictions on Wall Street that the company would earn \$3.80 a share this year were not unreasonable.

Since its profits plunged from \$156m in 1974 to only \$21.7m in 1975, Kennecott has been struggling to get its net profit for a year back into double figures. In the first quarter of this year, however, the company reported net profit of \$21.7m or 64 cents a share, reflecting the recovery in copper prices.

Mr. Barrow said that he anticipated steady growth in demand at about 2 per cent for the next few years, which, coupled with the rapid decline of stocks in 1978 and 1979, could cause a pronounced excess of demand over supply.

He added: "I think there will be a recession which will remain high for a reasonable period. Clearly a recession could reduce demand but it is difficult to see a 7.5 per cent drop in demand which would be needed to offset the present excess of demand over production."

## Super Valu ahead

Super Valu Stores' first quarter results were well above expectations but it is unlikely the 15.1 per cent increase in sales will be maintained for the full year, according to Mr. Jack J. Crocker, chairman. Reuter reports from Minneapolis. The tightening of diesel fuel supplies and efforts of independent truckers to curtail deliveries have affected the group in the last few weeks.

## Reynolds Metals up

Reynolds Metals expects profits in the second quarter to exceed those for last year's corresponding period, according to Mr. Jesse T. Hudson Jr, financial vice-president. AP-DJ reports from Los Angeles. Last year, the aluminium maker had a second quarter net income of \$44.2m, or \$2.31 a share on sales of \$714.7m. Earnings for all of 1979 are expected to top last year's net of \$117.8m or \$6.11 a share on sales of \$2,535m.

## Insurance acquisition

Crown Central Petroleum of Baltimore has reached a definitive agreement to acquire Continental American Life Insurance Company for \$33m in stock, reports AP-DJ from Wilmington.

## Resignation hits Fox share price

By Stewart Fleming in New York

THE SHARES of Twentieth Century Fox, the leading film producer and distributor, fell sharply on the New York Stock Exchange yesterday following an announcement that Mr. Alan Ladd Jr. and two top film executives will resign at the end of the year.

In active trading the stock fell 14 cents yesterday morning to \$29 following a decline of \$2½ on Tuesday.

Mr. Ladd's decision to leave when his contract expires could be a serious blow to the company which has reported soaring profits in the past two years, largely as a result of the phenomenal success of some of the films which Mr. Ladd was responsible for deciding to produce.

The son of the film star of the 1950's has been widely credited with the decisions to make such film successes as "Star Wars" which helped to transform the company's earnings. In 1976 the company earned net profits of \$10.7m, a record for the company.

The context was the need for Canadian banks to operate in Japan at the same time as Japanese banks should be able

## Bank to issue floating debentures

MONTREAL—Bank of Montreal

plans to offer C\$75m of floating rate debentures dated August 1 and maturing on August 1 1991.

The Bank said it will be the first public offering of floating rate debentures by a Canadian chartered bank.

The interest rate on the debentures will float 1 point above the 91 day Government of Canada Treasury bill rate calculated half-yearly subject to a minimum rate of 7 per cent annum. The initial coupon will be determined at the time of offering and will reflect current

interest rates, the bank said.

The underwriting group will be led by Wood Gundy, A. E. Ames and Company and McLeod Young Weir. The bank said it expects that the offering will be made early in July subject to required approvals.

AP-DJ

## Canada bank Bill should be passed by year-end

TOKYO—Mr. John Crosbie,

the Canadian Finance Minister, said the Canadian Government hopes to reintroduce the new Canadian Banking legislation in October, with passage of the Bill by the end of the year.

He said he had raised the question of Canadian Bank legislation in his discussions with Mr. Ippai Kaneko, the Japanese Finance Minister, ahead of the seven-nation summit meeting.

The context was the need for Canadian banks to operate in Japan at the same time as Japanese banks should be able

to develop their interests in Canada.

"Once the legislation is passed, we agreed we would discuss the situation again. The Japanese say they will proceed on the basis of reciprocity."

Some changes may be made to the banking legislation on the basis of recommendations by the House of Commons and Senate Committees.

The Canadian Government, Mr. Crosbie emphasised, would not open up the whole process of review of Canadian Banking Legislation again.

Reuter

## French energy agency tops up loan

PARIS — Electricité de France, the French energy agency, has signed a 12-year syndicated loan which was increased to \$1.1bn from an original \$700m Credit Lyonnais.

The loan can be used either on the Euro market or as a back-up for commercial paper in the U.S. It has a floating interest rate of money drawn of 0.4 points over London interbank rates in the first four years, 0.5 for the second four, and 0.6 for the final four years.

Reuter

## EUROPEAN INVESTMENT BANK

£25,000,000

11½ per cent. Sterling Foreign Currency Bonds 1991

Kleinwort, Benson Limited

Algeme Bank Nederland N.V.

Banca Commerciale Italiana

Banque Nationale de Paris

Crédit Commercial de France

Daiwa Europe N.V.

Deutsche Bank Aktiengesellschaft

Hill Samuel &amp; Co. Limited

Kreditbank International Group

Samuel Montagu &amp; Co. Limited

Orion Bank Limited

Société Générale de Banque S.A.

Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited

All of these Bonds have been sold. This announcement appears as a matter of record only.

Albil Bank of Kuwait K.S.C.	American Express Bank International Corp.	A. E. Ames & Co. Limited	A.P. Bank Limited	Arnold and S. Biedersheim, Inc. Limited
Banco de España S.A.	Banco del Gottardo	Banca Nazionale del Lavoro	Banco di Roma	Bank of America International Limited
Bank Julius Baer International Limited	Bank Guttwiler, Kurz, Bengasser Limited	(Overseas)	Bank Leu International Limited	Bank Mers & Hope N.V. Limited
The Bank of Tokyo (Mitsubishi) N.V.	Bankers Trust International Limited		Banque Arabe et Internationale d'Investissement (B.A.I.I.) Limited	
Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur Limited		Banque Générale du Luxembourg S.A.	
Banque de l'Indochine et de l'Extrême-Orient	Banque Internationale à Luxembourg S.A.		Banque de Neufville, Schlumberger, Mallet	
Banque de Paris et des Pays-Bas	Banque Populaire Suisse S.A. Luxembourg		Banque Rothschild	Banque de l'Union Européenne
Banque Worms	Barclays Bank International Limited	Bayerische Hypotheken- und Wechsel-Bank		Bayerische Landesbank Girozentrale
Bayerische Vereinsbank	Bergan Bank	Berliner Handels- und Frankfurter Bank	William Blair & Company	Blatt, Ellis & Loewl Limited
Byth Eastman Dillon & Co. International Limited	James Capel and Co.	Cazenove & Co.	Centrale Rabobank	Chase Manhattan Limited
Christian Bank of Credit	Commerzbank Aktiengesellschaft	Confidential Milano	Copenhagen Handelsbank	Cowate Bank Limited
Credit Industriel d'Alsace et de Lorraine S.A.	Crédit Lyonnais	Creditanstalt-Bankverein	Credito Italiano	DC BANK Deutsche Girozentrale
Dai-ichi Kangyo International Limited	Richard Daus & Co. Bankers	Den Danske Bank at 1671 Altesgade	Den norske Creditbank	Deutsche Girozentrale -Deutsche Währungsbank-
Devars & Associés International S.A.	Domition Securities Limited	Dresdner Bank Aktiengesellschaft	European Banking Company Limited	First Chicago Limited
Robert Fleming & Co. Limited	Fuji International Finance Limited	Gefina International Limited	Genossenschaftliche Zentralbank AG Vinnus	Antony Gibbs Holdings Ltd.
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft		Goldman Sachs International Corp.		Greenfields Incorporated
R. Henriques jr. Bank-Aktiengesellschaft	Hoare Govett Limited	IBJ International Limited	Istituto Bancario San Paolo di Torino	Kaisali-Osaka-Paniki
Kidder, Peabody International Limited	Kleinwort, Benson (Europe) S.A.		Kleinwort, Benson (Middle East) E.C.	Kreditbank N.V.
Kuhn Loeb Lehman Brothers International	Kawalt Foreign Trading Contracting & Investment Co. (S.A.K.)		Kawalt International Investment Company S.A.K.	
Kredit Investment Company (S.A.K.)	Lazard Frères & Co., Limited	Lazard Frères & Co.	Lazard Frères & Cie	Lloyds Bank International
Manufacturers Hanover	McLeod, Young & Weir International Limited	Merkel, Finck & Co.		Merrill Lynch International & Co.
R. Metzler soel. Sohn & Co.	Mitsubishi Bank (Europe) S.A.	Morgan Grenfell & Co. Limited		National Commercial Bank
Niederländische Middenstandsbank N.V.	Nesbitt, Thomson	New Japan Securities Europe Limited	The Nikko Securities Co., (Europe) Ltd.	
Nippon European Bank S.A.	Nippon Kangyo Kaisha (Europe) Limited	Nomura Europe N.V.	Norddeutsche Landesbank Girozentrale	
Nordic Bank	Sal. Oppenheim jr. & Cie	Österreichische Länderbank	Palme Webber Jackson & Curtis Securities	Phillips and Drew
Piersea, Halding & Piersea N.V.	PKBanken Investments Limited	Postbank	Privatbanken Aktiengesellschaft	Riyad Bank Limited
Rowe & Pimms	Sauwa Bank (Underwriters) Limited	Scandinavisk Bank Limited	J. Henry Schroder Wagg & Co.	Schroders & Charrard
Spaniards Bank Euskaldun Bank	Smith Barney, Harris Upham & Co. Incorporated	Société Générale	Société Générale de Banque	Sparkassenbank
Sparkassen SDS	Strauss, Turnbull & Co.	San Hong Kai International Limited	Svenska Handelsbanken	Swiss Bank Corporation (Overseas) Limited
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SAEHAN MERCHANT BANKING CORPORATION

Soul Korea

**US \$22,000,000**  
Medium Term Facility

Hill Samuel & Co. Limited  
The Industrial Bank  
of Japan, Limited

Managed by  
Banque Arabe et Internationale  
d'Investissement (B.A.I.I.)  
The Long-Term Credit Bank  
of Japan, Limited

Provided by  
Australia-Japan International  
Finance Limited  
Banque Arabe et Internationale  
d'Investissement (B.A.I.I.)  
Bayerische Vereinsbank International S.A.  
Berliner Handels- und Frankfurter Bank  
BNP-Daiwa (Hong Kong) Limited  
Harris Trust and Savings Bank  
Hill Samuel & Co. Limited  
The Industrial Bank of Japan  
Limited  
The Kyowa Bank, Ltd.  
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Hill Samuel &amp; Co. Limited

June 1979

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(Incorporated under the Commercial Code of the Netherlands Antilles)

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A.G. BECKER INCORPORATED

June 1979

Weekly net asset value  
on June 25, 1979

**Tokyo Pacific Holdings N.V.**  
U.S. \$67.09

**Tokyo Pacific Holdings (Seaboard) N.V.**  
U.S. \$48.83  
Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding &amp; Pierson - HV Horengracht 214, Amsterdam.

Companies  
and Markets

INTNL. COMPANIES and FINANCE

## Renault profit depressed by truck deficit

BY TERRY DODSWORTH IN PARIS

GROUP RENAULT, the nationalised French vehicle manufacturer, suffered a fall in profits last year despite a healthy rise in sales and an outstandingly good performance from its car division.

The drop in the group consolidated profits from FF13m (\$3m) in 1977 to FF10m last year, was largely due to the strain of absorbing the crippling deficit at Renault Industrial

Vehicle (RVI), its commercial vehicles subsidiary. RVI's losses rose to FF388.7m in 1978 under the pressure of highly adverse market conditions and the expensive policy of merging its two constituent companies, Savim and Berliet.

It is expected that the rest of the Renault group will have to carry the RVI division for another two or three years before the benefits of the re-

organisation plan, launched with the support of the government, begin to work through.

Group sales, according to the provisional figures published yesterday, rose by 18.3 per cent last year to FF57.2bn. Investments reached FF6bn, of which FF4.3bn were financed from the company's own resources.

Final figures from La Regie Renault, the division of the group which mainly embraces

the car manufacturing activities, show that net profits rose sharply last year from FF121m in 1977 to FF158.8m.

Sales of the car division rose to FF34.2bn, up 14.3 per cent from FF29.7bn in 1977—a very large percentage of this turnover was achieved through exports, which accounted for FF13.6bn.

These results have been achieved while reducing the

overall workforce of La Regie from 106,000 to 104,700, and of the group from 243,500 to 239,400. At the same time, debts in La Regie have been brought down from FF4.9bn to FF4.7bn, a level which the company describes as the best for many years.

Renault added yesterday that growth was continuing in the car division this year. For the first five months, world output of the company has increased by 5 per cent to 799,000 vehicles, while exports have gone up by 1.7 per cent to 428,700. Registrations in France have shown a marked upturn of 7.2 per cent to 315,200 cars, or some 35 per cent of the total market.

● Sales of Chrysler cars in Europe over the first five months of this year have been broadly maintained, according to M. Jean-Paul Parayre, president of the Peugeot-Citroen auto group, AP-DJ reports from Paris.

Peugeot acquired the European activities of Chrysler last year.

## Daimler-Benz expects upturn in orders

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN luxury car and commercial vehicle manufacturer, Daimler-Benz has noticed no weakening of demand during the first half of the year. The inflow of orders is running at such a rate as to support fully a substantial increase in output.

Group order books stand at 900,000 vehicles, while 1978's

output figures are expected to rise by 7 per cent to 421,000 units. Price rises do not seem in any way to have stemmed demand. Demand in the commercial vehicle sector—which has been very flat in comparison to car demand—has further increased, according to the company's management at the

annual meeting yesterday, with the bulk of rises coming from customers in the Middle East.

For 1979, the group is forecasting commercial output to increase from 1978's 240,000 units to 255,000 units. The domestic market is expected to account for deliveries of 190,000 units in comparison with

173,000 units last year. Total turnover during the first half of the year was up by 18.9 per cent to DM 14.9bn (\$8.1bn) compared with DM 12.5bn in 1978.

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## INTERNATIONAL COMPANIES and FINANCE

## Smorgon reconsiders bid after ATL projects loss

JOHN ROGERS IN SYDNEY

IGON PTYS' AS14.5m takeover bid for the electrical and telecommunications company ATL, received a setback today when ATL indicated it would incur an A\$5.5m in the current year and need to write off A\$3.1m in extraordinary items.

ATL, one of Australia's private companies, said its board would now be reconsidering its offer, all in light of ATL's intention to go ahead and a U.S. subsidiary, Auto-

is basically revamping corporate structure, follow-

ing a poor trading period and a disastrous involvement with Hong Kong's new Sha Tin race-course totalisator system. The directors said yesterday that they considered the present course "realistic in the circumstances" and one that would put the group back in profit.

ATL disclosed that the Australasian division would incur an A\$5.5m loss in the current year—made up of trading losses worth A\$1.3m, non-recurring and abnormal expenditure of A\$200,000, and the already announced A\$3m write-off of the Hong Kong contract. The directors have also decided to provide a further

A\$3m for extraordinary items so as "to reflect the group's remaining resources on a basis commensurate with their ability to generate future profits."

Details were also given of the group's proposal to sell its Autotote division in the U.S. Terms of the sale to a new company, Autotote Systems Inc. (presently called Federal Computer Corporation) are for the payment of A\$10.8m in cash plus A\$3.6m in redeemable convertible notes in the new company. This would entitle ATL to a 15.23 per cent holding, but if the entitlement was not taken up ATL would receive eight instalments of A\$500,000 each.

## Call for Exchange reforms

By L. Daniel in Tel Aviv

A CALL for reforms in trading on the Tel Aviv stock exchange has been voiced by Dr. Meir Chet, the chairman of the Board of directors of the exchange.

The fact that prices for shares are fixed only once a day gives rise to very sharp movements and provides an opening for manipulative manoeuvres, he said.

Dr. Chet also called for a more equitable distribution of new issues during the year. If those intending to float new issues could not be persuaded to co-ordinate their plans so as to prevent the market being flooded at any given time, the Treasury might have to exercise its authority, he warned.

## ELECTRONIC GAMES

## Japan converts its Pachinko parlours

BY YOKO SHIBATA IN TOKYO

JAPAN'S leading electronic game machine manufacturers, such as Taito, Sega Enterprises, Atari, Nintendo, Namuko, Universal and IPM, expect earnings for the current fiscal year to be high—as a result of booming sales of the "Space Invader" game.

The game was marketed by Taito in July and production is reported to have reached 200,000 to 300,000 units. There are also plans to extend the machines to be used out to operators such as game centres, coffee houses, public bath houses and coin laundries.

The game is operated by a ¥100 coin, and a machine earns an average ¥10,000 a day.

Because of a higher return, coffee houses and Pachinko parlours, Japan's old-established games centres, have been converted into Space Invader houses. In Tokyo's busiest area, Shinjuku, there are more than 30 Space Invader houses, equipped in general with about 30 machines each—with the largest house having 100 games.

In order to keep up with the flood of demand from coffee shops and amusement centres, more than 40 game manufacturers are in full operation under licence by Taito and have recently brought up their monthly production capacity to 25,000-30,000 units, which is, however, not sufficient to meet orders. The total output is

expected to reach 400,000 units by the end of this year, according to industry sources.

However, the boom of the video computer game has created unexpected repercussions on Japan's electronics industry. The game machine is made of a television monitor system and highly sophisticated micro-computers, and requires 100 each of integrated circuits (IC) and large scale integrated circuit (LSI). Because of the sudden rise in demand for Space Invaders production conventional consumers of electronic parts have begun to suffer from a shortage of ICs and LSIs, and also from soaring prices of these parts.

Japanese electronic parts

manufacturers are trying to make out whether the recent Space Invader boom is likely to be enduring and have hesitated to expand production lines. The industry had a bitter experience once, when the Citizen Band transceiver boom in 1976-77 (mainly in the U.S.) fizzled out with the change of the U.S. Federal Communications Law.

Game machine manufacturers see no immediate end of the boom—and saying that "young people have learned the pleasure of playing with sophisticated computers," and that the "video computer industry is fast growing." Some estimates put the industry on an annual sales basis, for the machines, of ¥400bn.

## Development finance for Singapore Refining

GEORGIE LEE IN SINGAPORE

PORT REFINEING Company (SRC) has signed a 10-year agreement with three for S\$194m (equivalent to U.S.\$90m) to finance a new oil refinery in Singapore. Of the loan, S\$100m is to be provided by the Manhattan Bank, S\$56m by Bank International, 40m by the Development Bank of Singapore (DBS).

The Singapore Government-owned Singapore Petro-

Company (SPC), which

0 per cent of its equity,

and two oil companies, British Petroleum and Caltex, each of which has a 30 per cent stake. The refinery which is situated on the offshore island of Pulau Merlimau will be expanded from its current capacity of 70,000 barrels a day to 170,000 barrels a day. The expansion programme, which is already under way, is expected to be completed by the end of next year.

The three shareholders will supply crude oil to the refinery for processing, and the refined products will be distributed back to them.

## Food concerns raise capital

BY JIM JONES IN JOHANNESBURG

TWO SOUTH AFRICAN food-based groups have announced new issue plans—ahead of the pending R500m capital raising by South Africa's oil-from-coal producer, Sasol, which could lead to tightness in the investment funds markets.

Ovenstone Investments Limited (Oil), the Cape-based fishing and property group, plans a R8m rights issue. Mr. Andrew Ovenstone, the chairman, has told shareholders. At the same time, the Durban-based sugar and brick group, Tongaat, is seeking shareholders' approval of plans to increase capital through the creation of 12.5m

RI preference shares. Details of Oil's rights issue are due for publication in July, but at this stage, it is thought that holders of the existing 14.5m ordinary shares will be offered new shares at about 25 cents in the proportion of two new shares for every one currently held. Holders of Oil's 8.5 per cent and 11 per cent preference shares will also be offered participation in the new issue.

Oil's rights issue is aimed largely at providing funds to expand the group's fishing activities outside South Africa and South West Africa (Namibia). The prime such development

area is Chile, where the group has formed an association with one of that country's largest fishing and processing concerns. There are also plans to extend fishing and related activities in the pelagic, fish-rich, waters of Western Australia.

Tongaat, on the other hand, plans to keep the R12.5m it intends to raise in South Africa. The funds are earmarked for a major expansion of the group's local textile division which provided 13.2 per cent of the group's R231m (\$373m) turnover and 26.2 per cent of the R15.2m (\$18m) operating profit in the year to March 31, 1979.

## Second half slowdown for LTA

BY OUR JOHANNESBURG CORRESPONDENT

LTA, Anglo American's 80 per cent owned construction subsidiary, raised its pre-tax profit by 4.8 per cent to R11.4m (\$13.5m) in the year to March 31, from R10.9m in the previous year. Sales increased 13.1 per cent to R390m (\$490m), from R336m.

As predicted in the interim statement, the second-half performance did not match that of the first-half.

The second-half pre-tax profit dropped 2 per cent to R4.9m, despite a 30 per cent sales increase to R185m.

In spite of a severe downturn in South Africa's construction industry, LTA has shown consistent growth in the last five years. Unlike some other South African construction companies which have improved performance largely by diversification, LTA has not broadened out of construction and allied industries.

The company continues to enjoy a tax advantage arising from losses incurred in 1971 and 1972. This and investment allowances account for the relatively low 27 per cent tax rate against 28 per cent in 1977-78.

The group is committed to capital expenditure of R5.3m this year, compared with R2.8m.

Being the subsidiary of a mining finance house, a lot of its work is related to shaft sinking and construction for the mining industry. Recently, LTA was awarded R1.4m of contracts — two at the proposed new oil-from-coal plant at Secunda and one at Anglo American's Western Deep Mine.

The dividend is raised to 21c, from 19c, and is drawn from 15 per cent higher earnings of 53c against 46c.

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(National Hydrocarbons Authority)

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# BUSINESS BOOKS

## Vickers: an alternative view of its post-war history

BY HAZEL DUFFY



Peter Tolchard (left) chairs the Scotswood Shop Stewards Action Committee, which was set up to fight the proposed closure of Vickers factories in Newcastle. They proposed alternative plans for production in February, 1979.

**The Workers' Report on Vickers** by Huw Beynon and Hilary Wainwright. Pluto Press. £2.50 paperback

JUST OVER a year ago, an "official" account was published of the changes that were forced on Vickers in the post-war period as a result of an economy moving from war to peace. This book seeks to tell the same story, but from another point of view. What have the changes, planned and directed from Millbank Tower, in London, meant to the worker on the shopfloor in Romford, Leeds, Tyneside and Swindon? How effective is the combine committee of shop stewards that was formed in response to these changes, and does it have any relevance for the official trade union movement as a whole?

The post-war history of Vickers has been nothing less than traumatic. From making very healthy profits on the sale of armaments, tanks and warships to the British Government during two world wars, it found itself in the 1950s having to find new products, new markets and a whole new direction. Its aerospace and shipbuilding interests were finally nationalised by the last Government.

Vickers decided to concentrate on mechanical engineering, and to this end, companies have been bought up, expanded and run down to such an extent that employees have found themselves confused and bewildered about their future. Nowhere was this more so than on Tyneside, the base on which

Vickers was built. The sense of powerlessness felt by the workforce is illustrated by remarks quoted in the book. One shop steward said he had "worked for Vickers for 42 years and I've had enough of them. I hate Vickers and all it stands for. I'm sick to death of them. I hate all that they've been getting away with over these years."

Vickers' management claims always to have kept the workforce informed about its plans, but the picture that emerges from this book is somewhat different. Slowly, the shop stewards came round to the view that they could no longer effectively represent the work-

force on an individual factory basis, but that an organisation was needed which could bring together the diversified and geographically-spread interests of Vickers.

The reason for the combine committee being formed in the autumn of 1974 was essentially defensive. Although it has collected information on wages paid throughout the group, and aims to get some standardisation on employment conditions, much of the energy of the combine has been focused on getting support to resist roundings and closures.

In this, they have had two significant failures. The first was at Romford, where 61 tool-

room workers were dismissed, where the failure was lack of support; the other, more important, is the closure of Scotswood on the Tyne, which is now under way in spite of a vigorous campaign which had the support of the combine committee.

The Scotswood closure went ahead after this book was written, which is a pity (so, too, have the sale of Vickers' offshore engineering interests and new redundancies at South Marston—events more fast at Vickers).

The combine committee at Vickers—and others in British industry—started off with a dual handicap. Not only does the company refuse to recognise

it—Lord Robens, Vickers' chairman, is quoted as describing combine committees "marking the road to anarchy"—but the trade unions have also sometimes been deeply suspicious. It also suffers from less idealistic, but nonetheless important considerations, such as who should pay the train fares to Leeds, where the committee meets regularly?

Looking at the brief history of the Vickers combine committee, where the failures have been more dramatic than the successes, it is difficult to see where its future lies. This book does not really attempt to answer this question, perhaps for fear of sounding too pessimistic.

There are cynics on the committee who say that the worst thing the Labour Government did was to improve redundancy schemes, thus lessening the will of workforces to resist closure. Where the book does score is by giving "the other side" to the rationalisation story, and permitting the employees to give vent to their genuine feelings of frustration and isolation from decisions taken elsewhere about their future.

Vickers had to adapt to the post-war world, otherwise it would not exist any more. But perhaps inevitably, it has been done at the expense of the loyalty of some of its older employees, while its younger employees probably do not have that same feeling for the company in any case.

On the relevance of the combine committee movement to the structure of trade unionism, however, the book takes us little further.

## A swipe at pretensions of economists

BY PETER RIDDELL

**The Price of a Free Lunch** by Alex Rubner. Wildwood House. £8.50.

DR. RUBNER has written rather a shallow book. It is, however, well-written, in parts entertaining and includes a few informative anecdotes. But the general theme is unconvincing. The book merits a review simply because Dr. Rubner has built up a reputation as a popular or populist—iconoclast. He has apparently produced over 1,000 articles in various journals as well as several books. There is, therefore, a danger that readers may take his message seriously.

That is about it.

The author's thesis is essentially that "economic life proceeds by a momentum that is not directly impelled by the brilliance of contemporary economic theorists or the ingenuity of living Treasury officials. I believe that hard work, saving, ingenious inventions, managerial acumen, and other such noble features have a more limited impact on the standard of living and the attainment of corporate profits than is usually ascribed to them in the speeches which some American businessmen deliver to captive audiences at Rotary Clubs."

"If I am right in my analysis, then it follows that much of

economic forecasting—except perhaps that which is disseminated with evil design—is sterile. It is in the political poveries of the democracies and dictatorships alike, that the important decisions affecting economic life are made."

Dr. Rubner's basic fault is that he erects a false idol in order to indulge himself and his readers on the easy task of demolition. On the way he makes familiar, but valid, points against the pretensions of economists—for instance, on forecasting—and obvious sacred cows, such as the virtues of exporting and investment.

None of these points will surprise even a casual reader of

this newspaper. Only the most naive believer in econometrics and policy optimisation would have the ambitions which Dr. Rubner attributes to economists. Most are only too well aware of the limitations of their role.

Similarly, Dr. Rubner's rediscovery of the short dimensions of politicians leads him to overstate the influence of governments on economic life, for good or ill. Politicians may retard by their intervention the economic goals which they support, but they do not determine the direction of economic life.

Dr. Rubner argues that the era in which material growth—as measured by the annual rate

of increase of Gross Domestic Product—was given a place of honour is coming to an end. Consequently demand will be falling for the services of economists.

The short answer is poppycock. The prospect may be for a slower rate of economic growth but this is due not to the satisfaction of material wants but reflects rather the impact of high inflation. This increases rather than diminishes the need for economic analysis; indeed, Dr. Rubner concedes that economists can make a contribution to discussions on, for example, rent controls and the price of oil. These issues are not going to disappear overnight.

## Changing face of the clearing banks

BY MICHAEL LAFFERTY

**Service Banking**, by D. G. Hanson. Institute of Bankers. £4 paperback; £6 hardback.

TO MOST people today the local bank branch is a place where one goes to cash cheques and pay money into one's account. Now and again it may be necessary to see the manager to arrange a loan or overdraft. That's about it.

The reality it seems is far different. According to Mr. Hanson there are now some 300 separate services available over the counters of the big clearing banks. His book is devoted to the more important of these, including chapters on estate administration, trusts, investment services, unit trusts, life assurance, insurance broking, pensions, services, personal advisory services, merchant banking, share registration (the most boring), business advisory services, leasing, factoring, hire purchase, credit cards, off-shore services, and money and travel.

Mr. Hanson's approach is a mixture of description, history and instruction—and for the most part he is interesting. The book itself is published by the Institute of Bankers, the bankers' professional body, so it would be surprising if it was particularly critical of individual banks, or their strategies in individual service areas. As Lord Seebohm points out in his foreword: "Derrick Hanson 'quite rightly' does not see it as his business to answer such important questions as whether the banks are really capable of handling all these services efficiently."

Lord Seebohm himself feels less restricted. "Many of us who have spent our lives in banking and more particularly

those of us who, like myself, wonder whether the wide diversity of services which this book reveals is altogether wise. Can branch managers give the time to sell so many different products? Are there not specialist institutions who will usually be better equipped to deal with such matters? Are we sure that the overall profitability of the bank will be improved by such activities?"

There are those within the banks who reckon the bank manager should be primarily a salesman. Quite how this can be reconciled with the tradition of prudence, caution and secrecy which seems to be the hallmark of British banking is not at all clear. Mr. Hanson does not like the salesman idea either. "We prefer the view that the bank manager is running a business—a business which consists of matching a wide range of financial products to the needs of a variety of customers."

At the end of the day, however, Mr. Hanson is an enthusiastic believer in what he calls "service banking"—the view that says the banks should be financial supermarkets. This leads him to commend two aspects of modern banking for consideration. The first is that as a result of the all-round service approach "a new relationship has been created quite outside the legal relationship of banker and customer." Bank relationships, such as lessor and lessee, factor and client, unit trust manager and unit holder have no particular relevance to and certainly do not depend on the traditional banker-customer connection.

The second point is that in "the total concept of financial management" the operation of

a banking account is no longer the most important item in the eyes of the customer.

It all boils down, Mr. Hanson suggests, to the possibility that the banks may have to push the counter side, and open their doors to allcomers. "Perhaps a time will come when the public will 'drop in' on the banks in the High Street as they might visit the supermarket, not necessarily because they are already a 'customer' there but because they have a financial problem and from somewhere on their shelves the banks can provide the answer."

There are numerous features of the book outside the main theme which the reader is likely to find amusing. Take Mr. Hanson's chapter on merchant

banking, where he writes:

"The merchant bankers among the clearing banks consider, no doubt very rightly, that they have something special to offer. By training, many of them being accountants and lawyers, they tend to have a more analytical approach than the traditional bank manager. Also they pride themselves on their ability to give a quick answer. By training and temperament, the merchant banker tends to be a different animal from the clearing banker, but there seems no good reason why they should not live together and hunt together very successfully."

Another revelation (or more appropriately, admission since Mr. Hanson has spent most of

his life in a clearing banking group) comes in the chapter where the clearers' business advisory services are discussed: "Until comparatively recent times no major British bank had an adequate costing system; none of them was marketing-minded nor knew much about their markets; corporate strategy, management by objectives and performance measurement were as foreign to British banks a decade ago (the late 1960s) as they are to many of the businesses to whom they are introducing these matters today."

Such titbits are the charm of this book. Perhaps that is why one of the major banks raised objections to its publication.

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# BUSINESS BOOKS

## The shifting emphasis of participation

BY JOHN ELLIOTT

**It Sharing: Legal aspects of employee share schemes** by Jeffrey Morse and David Williams. Sweet and Maxwell, 50s.

**Case for Workers' Co-ops** by Robert Oakeshott. Routledge and Kegan Paul, £7.95.

**Management on Trial** by Iloko Drulovic. Spokesman, 50s.

**Control of Work**, edited by J. Purcell and Robin W. Macmillan, £12.

RECENT change of management has completely altered the political backcloth in which developments in industrial democracy and employee participation will place during the next few years. The Bullock Report's director debate has pushed even further from the limelight than it was when it was in power. And the of the Wedgwood Benn's co-ops are running into

the ground—Kirkby Manufacturing and Engineering's assets have been put up for sale, and Meriden has serious financial problems.

But this does not mean that the drive for employees to have greater influence over what happens at their places of work will stop altogether. Instead the methods of participation pushed by the Government will move away from the collectivist, union-based ideas of Labour and towards the more individualist, orientated ideas favoured by Conservatives.

### Interest

Thus one will hear quite a lot about profit sharing (especially when some State-owned industries are sold off) and about increasing communication and consultation systems with all employees. There will also be continued interest in worker co-operatives, although they will not be created from run-down loss-making factories as

happened at Meriden and Kirkby. A clutch of books recently published will help to spread understanding about these subjects, and especially about profit sharing and co-ops in the UK and abroad.

First there is "Profit Sharing" by Geoffrey Morse and David Williams which provides a detailed account of how the employee share ownership form of profit sharing was developed by Labour as a result of its political pact with the Liberals. The Conservative Government may well at some stage in the future decide to amend or extend this legislation so the book is a timely, if somewhat heavy, account of what has happened during the past year.

On a somewhat wider plane are two books about worker ownership. One is a masterly review of the development of co-ops in the UK and abroad by Robert Oakeshott, who now runs a co-op consultancy and is an occasional contributor to the F.T.'s management page. The other is an account and analysis of the development of self-management at all levels of the economy in Yugoslavia. It is written by a senior diplomat from that country, Miroslav Drulovic, who has held high posts in Peking and Paris.

In addition, a collection of essays under the title "Control of Work" includes a piece by Professor Tony Eccles, of the London Business School, about the birth and decline of the Kirkby Co-op where he has been a part-time advisor.

From their different vantage points the two books and the essay point out the problems facing co-ops. They also underline the potential of such a radical change in the way that industry is run.

All three authors are aware of the difficulty workers face when they try to bridge the gap between their traditional and new roles. As Drulovic puts it: "Workers have not always enough understanding of economic affairs to take complex decisions in the domain of production, marketing, integration, and technology, and therefore need highly trained experts, executives and specialised services. To help them, correct information must be presented to them in an accessible fashion as a precondition for decision-making."

Eccles points out that it was just this plus a lack of democratic involvement and a dislike of managerial authority that bedevilled Kirkby. Supervisors, he says, found it "even more difficult to maintain discipline than in a traditional company, since the workers knew that ultimately they owned the place but had not absorbed the implication that they would have to control themselves if any control at all was to be exercised."

### Viable

At this point one must turn to Oakeshott to see whether co-ops can be viable anywhere but in Yugoslavia. Having given examples of how they work in France, Italy, and elsewhere, he recommends the system adopted at Mondragon in the Basque area of Spain, where a central bank, housing and managerial consultancy looks after a sizeable community of co-ops, whose workers each invest a certain amount of money. It is an idea which should not be lost sight of because it could prove more effective than the Government-funded shop steward-controlled solutions tried at Kirkby and Meriden.

Quality is Free by Philip R. Crosby. McGraw-Hill, \$12.50, 309 pages.

THE SUB-TITLE of this book is The Art of Making Quality Certain, a skill which the author should know all about as a corporate vice president of ITT responsible for "quality operations" around the world.

And sound practical advice abounds, even if the language and format, steeped in the lingua franca of American business, comes in a style jarring for gentle English readers. Philip Crosby, as a good corporate man, peppers his narrative with fictionalised accounts of everyday factory life in order to illustrate the lessons he is trying to teach.

This can be tedious—there is perhaps too much of the "Well, Elmer, marketing says buying got it screwed up so there's a need for a new overview in your area right now"—but a couple of the "case histories" make good reading. The one nagging doubt that any British manager would probably have is how far the seemingly limitless personal commitment to the company's well-being, from everybody from the humblest assembler to the chairman, would be duplicated in any UK organisation.

Such cynical thoughts would doubtless horrify the earnest Mr. Crosby and the highly motivated top ranks of ITT, but the gulf between theory and application was ever wide. Mr. Crosby's value lies to a great extent in his descriptions of the detective work involved in coming back through manufacturing processes and established methods to weed out quality-marring defects.

A major aspect of maintaining high quality is to keep customer relations well tuned. That is not just a matter of making sure that complaints are dealt with on an individual rather than form-letter basis. Mr. Crosby argues strongly, too, that companies have to establish "listening posts" to know what is going on in consumer legis-



"It's the author—he insists on checking every copy before it goes to the bookshop."

lation and to keep abreast of trends in complaints. "The cost of quality," he intones, "is the expense of doing things wrong. It is the scrap, rework, service after service, warranty, inspection, tests, and similar activities made necessary by nonconformance (sic) problems."

The savings to ITT itself of applying Crosby laws to quality control have been dramatic. The figures are put at \$30m in 1968, \$157m in 1971, \$328m in 1973, and \$530m in 1976. Compelling statistics, even viewed against the magnitude of ITT's operations worldwide. What irritates highly about Mr. Crosby's book is a curious "Guidelines for Brownies" section at the back; nothing less than a collection of quotable quotes culled from each page. What a lot there are, and what a prize collection for any management trainee's office-wall. But should any author be so proud of his snappy sentences that he thinks they can be an indolent reader's short cut to grasping a complex but commercially important subject?

## Modern financial concepts

BY BARRY RILEY

**Modern Managerial Finance**, by J. R. Franks and J. E. Broyles. John Wiley and Sons. £13.75 (paperback £8.50).

AMERICAN publishers pour out streams of academic work on capital market theory and business finance but the genre has so far been comparatively thin on the ground in the UK. Now a comprehensive textbook has emerged from the London Business School: its material has apparently been tried and tested over several years during courses for post graduates and company executives. It inevitably draws heavily on U.S. sources but compared with the American alternatives it has the advantage to the British reader of developing the main concepts within the framework of the UK taxation system.

The authors sum up the financial role of company managers as follows: "Their objective is the maximisation of the market value of the company. They take part in an arbitrage process between imperfectly competitive product

markets and more nearly perfectly competitive (or efficient) capital markets. Through using finance obtained at fair market rates to exploit temporary competitive advantages in product markets they can achieve net gains.

Notions of efficiency in capital markets have had a far reaching impact on the behaviour both of investors and managers. How this fits in with the treatment of risk and return has naturally given considerable emphasis by Franks and Broyles: risk analysis has become a subject of great importance, particularly since the financial shake-out of the mid-1970s. Managers have become highly conscious—perhaps excessively so—of the potential risks of high gearing.

While investors have radically changed their attitude to takeovers and mergers.

Anomalies persist, however. There has been the interesting recent phenomenon of marked share price underperformance by large companies making rights issues (though curiously

this does not apply to small companies). This could be an indication of inefficiency in the market if it is true that companies are able to raise finance at what is, to them, an excessively low cost. It would be a blow to the theorists if companies were actually able to exploit the capital market.

Another test for the theories could be the current wave of U.S. takeovers by British companies. While it is possible that the British bidders may be able to reduce risks by achieving a greater international diversification of their markets, it is not clear that their shareholders could not do the same—probably more cheaply—by means of portfolio changes.

A company like Thomas Tilling, for example, is trying to set itself up as a multinational conglomerate, and it sees U.S. companies as being successful in their aim of producing a readable textbook which will be valuable in industry as well for post graduate students in providing a guide to up-to-date concepts in business finance.

be learned the hard way, just as the stock market found out that companies with highly rated equity could not achieve real growth by taking over low rated companies and seeking to wave some magic wand over them.

However, Franks and Broyles concentrate their efforts on giving concise expositions of the latest techniques, and they rarely get involved in detailed justifications. They have adopted a non-mathematical approach, and have avoided where possible trespassing upon the territory of accountancy.

This approach inevitably runs the risk of superficiality. The treatment of inflation, for example, seems rather sketchy, and the discussion of beta statistics over the problems of stability and measurement. However, the authors are successful in their aim of producing a readable textbook which will be valuable in industry as well for post graduate students in providing a guide to up-to-date concepts in business finance.

## The law and German trade

BY A. H. HERMANN

**Rechtsprobleme der Exportfinanzierung**, by Friedrich Graf von Westphalen. Published by Recht und Wirtschaft, Heidelberg. DM96.

**Der Rechtliche Rahmen des Wirtschaftswerkzeug mit dem BGW-Laendern**, by Joachim Pfeiffer. Published by Carl Heymanns, Cologne.

**Sozialistische Wirtschaftsintegration und Ost-West-Handel in Sowjetischen Internationalen Recht**, by Axel Lebbahn. Published by Duncker and Humboldt, Berlin. DM88.

LEGAL books tend to make poor reading and German legal books are no exception, particularly when not translated. Moreover German authors are often off-puttingly academic. However, as the authors of these three books deal with very topical problems of foreign trade, perhaps I will be excused for mentioning them.

Graf von Westphalen, who is a business lawyer practising in Cologne, has produced a most welcome enlarged and revised edition of his work on the legal problems of export finance—the only German work, as far as I know, in this field. It is addressed to company lawyers and businessmen, including sales engineers and will be particularly useful to international and legal departments of banks dealing with the German market. It is a thorough, lucid and well organised handbook.

Dr. Pfeiffer and Dr. Lebbahn started as academics at the International Law Institute of the Goettingen University under Professor Gottfried Zieger, who made a science out of East-West relations. It is some indication of the practical value of their work that Dr. Pfeiffer has now joined the law office of Dr. Deringer in Cologne—one of the leading business lawyers in Germany—and Dr. Lebbahn is about to go to Moscow to open an office there for the Deutsche Bank.

Dr. Pfeiffer's book reflects the rich experience gathered by German banks and companies in their intensive trading with the Comecon countries. It explains the system of state trading, describes the Communist regulation of East-West trade and will be useful to those concerned with negotiations on an inter-state level or analysing Comecon developments for large western companies.

Dr. Lebbahn is an ardent advocate of East-West economic co-operation and believes that the present rulers of the Kremlin are not using trade to weave the rope with which the West will hang itself. However, this may be, Dr. Lebbahn's treatment of the ideology and "law" governing relations between communist countries is not sufficiently critical to recognise that all rules pale when Moscow speaks.

Dr. Lebbahn's book will be of interest to those who seek information about the theory and structure of internal and external relations of Comecon. The author is particularly interested in the possibility of replacing bilateral agreements between individual countries of eastern and western Europe by

a multilateral co-operation organised by the EEC and the Comecon institutions.

The book contains a wealth of information about the development of Soviet policy and legal doctrine concerning East-West trade and will be useful to those concerned with negotiations on an inter-state level or analysing Comecon developments for large western companies.

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## Other recent publications

**Why Managers Fail . . . and what to do about it**, by John J. McCarthy. McGraw-Hill, £10.55.

THE MAJOR differences between those who remain in the ranks of middle management and those who go on to reach the upper levels of an organisation pertain to the manager's ability to work through people, the author argues. He has therefore set out to alert managers to the danger signals in their approach to people, providing a managerial checklist, to help managers motivate their people.

**Investment for Production**, by Paul Lowe. Associated Business Press, London, £10.

THIS sets out to cover the various stages involved in plant investment, from preparation of

investment proposals to plant audit. The author, with 17 years in industry, mainly as a project engineer, covers such points as basic evaluation techniques to more complex activities such as risk analysis, sensitivity analysis and simulation.

**Computer Capers**, by Thomas Whiteside, Sidgwick and Jackson, London, £5.95.

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**Key's Profit Sharing and Other Share Acquisition Schemes** by Sanderson, BCL, (Oxon).

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**Simplified Financial Statements**

by E. Hammill. Findings of a study prepared for the Accounting Standards Committee to consider whether companies should be allowed to issue a simplified version of financial statements and whether simplified statements should be designed to meet the needs of both shareholders and employees.

**Institute of Chartered Accountants in England and Wales** £4.95.

**Employment Statement in Company Reports**

by R. Thompson and Ne Kneil.

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**Modern Managerial Finance**

J. R. Franks and J. E. Broyles.

This is a really up to date book on financial management for the student and executive and is based on the authors' teaching experience. John Wiley and Sons £12.75/£27.50. Cloth £12.75/£27.50. Paper £8.50/£14.00.

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Companies and Markets

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Oil price worries contribute to fresh decline in equities and index loses 8.3 to 466.9 Gilts unmoved

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Conflicting reports yesterday about the extent of the oil price increase being discussed at the OPEC meeting aggravated the stock market's current underlying sensitivity to the whole question of oil, creating a certain amount of nervous selling in the early trade and again in the last half-hour or so of official business.

Much of the pressure was exerted on leading shares and particularly the large exporters which again reflected fears about a further erosion in overseas earnings because of yesterday's renewed strength in the pound. Several index constituents sustained losses ranging from 6 to 12p including John Brown, Blue Circle, GEC and Glaxo and, perhaps significantly, failed to show any rallying sign.

The possibility of revived labour unrest within the motor car industry was added to the recent adverse economic and monetary influences responsible for the prevailing market uncertainty which has caused investment buyers to go to ground and leave the field clear for professional and short-term operators.

Only in oils did the lower share prices generate buying enthusiasm and most issues in the sector closed well above the worst with losses limited to a few pence. British Petroleum provided an exception, falling on fears that the current high price of the stock might induce early Government sales of part of its large stake in the company.

For the first time in four months, the FT 30-share index moved below the 470 mark to settle 8.3 down at 466.9; this represents a slide of 91.7 from the record high attained on May 4, the day following the Conservative's victory at the polls.

The smallest trade for some months saw longer-dated British funds hover marginally above the overnight level, while the shorts opened slightly mixed, move indifferently within a narrow range, and ended a shade higher for choice.

Among recently-issued fixed interest stocks, Marshall's Universal 7 1/2 per cent Convertible Preference fell 81 points to 193 partly on news that the underwriters had been left with a large part of the issue.

The quiet equity market was again reflected in Traded options, in which a total of 504 contracts were completed against the previous day's 573. Grand Metropolitan attracted most interest recording 91 trades, while other issues with sizeable business included BP, with 83 and Marks and Spencer with 84.

**Banks drift**  
Home Banks continued the recent downward trend and closed with falls ranging to 6p. Among Hire Purchases, the lower annual profits prompted a reaction of 14 to 33p in Cattle, while profit-taking clipped 3 off the recent speculative rise in Provident Financial, 92p.

Already marginally lower during the house session, insurances took a distinct turn for the worse in late dealings. Falls of around 5 pence were common to Royals, 35p, General Accident, 26p, and Sun Alliance, 51p. In Life issues, Britannia and Hambro Life shed 4 pence to 158p and 114p respectively, while Legal and General dipped 5 to 159p. Brokers C. E. Heath were especially dull and shed 7 to 173p.

Economic uncertainties left Breweries and Distilleries with a dull appearance although business was light. Bass, 20p, and Whitebread, 118p, shed 3 pence, while Allied gave up 2 at 85p. Regional brewers were also slower, with Watlington and Dudley falling 7 to 28p. Harveys and Hansons, however, held at 257p following the higher interim results. Elsewhere, Arthur Bell shed 4 at 170p, while Distillers gave up 5 to 208p.

**Fraser's lower**  
In dull Stores, British Home fell 5 to 243p in front of the AGM, while House of Fraser gave up a like amount to 153p following Press comment concerning the mooted Lanchester takeover. Gussies A. 35p, Mothercare, 174p, and W. H. Smith, 166p all cheapened 4. Among secondary counters, Walls dropped 8 to 63p following Press reports that certain stores have been hard-hit by the poor winter. Comet Radiovision provided an isolated firm feature, adding 6 to 150p on news that the recently-acquired Caledonian Holdings has reported excellent half-time profits.

Down to 235 initially, MK Electric rallied smartly following the good annual results to close at 245p for a rise of 9 on balance. Elsewhere in the Electricals group, Eurotherm met occasional buying interest and put up 5 to 345p, but AE Electronic gave up 4 to 188p, while revived selling left BSR 3 lower at 47p. Leading issues followed the general trend, IEC reacting 8 to 346p and Thorne 10 to 406p. Plessey closed 3 cheaper at 101p in front of today's preliminary statement.

Sentiment in the Engineering leaders was not helped by the planned overtime ban and one-day strikes by the Confederation of Shipbuilding and Engineering Unions. John Brown gave up 12 more to 493p awaiting tomorrow's annual results, while Hawker, 189p, and Tubes, 350p, lost 6 apiece. Among secondary issues, B. Elliott eased 4 to 234p, while ICI, 116p, shed 1 1/2 pence to 114p. In the Chemicals group, Wolsley-Hughes met scattered selling and reacted 5 to 205p, while McKee Bros, 101p, and Haden Carriers, 110p, both eased 3.

Foodstuffs went with the general market trend. Rowntree Macintosh shed 6 to 192p, while Cadbury Schweppes eased 1 1/2 to 55p and Tate and Lyle cheapened 4 to 140p. Among Supermarkets, Associated Dairies came on offer and fell 12 to 25p, but still demand in a thin market lifted Bisto's Stores 10 to 190p. Elsewhere, comment on the annual results left Avana 3 cheaper at 100p and profit-taking clipped 2 1/2 from Spillers at 391p.

In dull Hotels and Caterers, Grand Metropolitan and Travelodge both declined 3 apiece to 131p and 157p respectively, while

speculative counter Savoy A ran back 5 to 97p.

**Chubb disappoint**

Reflecting the continuing strength of sterling and a few nervous offerings awaiting the outcome of the OPEC meeting, leading miscellaneous Industrial leaders gave ground. Glaxo reacted 7 to 438p, while falls of 5 were marked against Reckitt and Colman, 435p, and Beecham, 525p. Elsewhere, annual results below market estimates prompted weakness in Chubb which fell to 141p before setting at 144p for net loss of 9p. In contrast, Chambers and Farnes added 5 to 30p on news that Christian Slavesen had agreed to sell its stake in the former to the George and John Kurkjian partnership. English and Overseas Investments closed unaltered at 26p, after 30p, following the annual results and proposed rights issue in convertible loan stock. Holt Lloyed new shares encountered further support and improved 3 more to 40p premium, but Duraplast eased 4 to 105p after the annual results and proposed one-for-one scrip issue. Lower annual profits left Powell Duffryn 3 cheaper at 166p, after 160p.

Yield consideration following Tuesday's results attracted buyers to Trident TV A which firmed 2 more to 62p. Elsewhere in Leisure sector, Associated Cinemas moved up 35 to 545p in belated response to the annual results, but persistent small selling left Management Agency and Music 7 cheaper at 149p and Saga 8 down at a 1979 low of 142p.

Heron Motor, having returned to suspension on Tuesday, recovered of the fall that stemmed from the breakdown of merger talks and closed at 49p. Other Distributors ended the session a shade easier on lack of support. Lex fell 3 to 87p, while Hanger slipped a similar amount to 87p. Latex dropped 6 to 26p in Components.

Newspapers and printing issues drifted lower along with the general market trend. Associated eased 3 to 219p, while International Thomson fell a like amount to 355p after the chairman's statement at the annual meeting. William Collins came on offer at 135p, a loss of 8, while adverse Press comment left greeting card manufacturers Wilson Bros. 1 off at 341p. Profit-taking after the recent good annual results left Melody Hills 6 lower at 132p.

Hardened a penny to 181p following the successful rights issue, leading Properties drifted gently

lower on buyers' reluctance. Speculative counters gave ground on a withdrawal of support with Bradford 7 off at 383p, Bernard Sunley 3 down at 372p and London and Provincial Shop 6 lower at 230p. Country and New Town shed 2 to 39p and Town and City eased 1 to 181p. Consideration of the results left Evans of Leeds 2 cheaper at 102p, while Greycoat Estates eased a penny to 110p following the uninspiring annual profits.

**BP react**

Oil shares turned easier yesterday, but prices rallied to close above the worst after an early bout of selling by nervous holders awaiting the outcome of the OPEC meeting. British Petroleum touched 1,250p before settling at 1,256p, for a net loss of 29p, but Shell finished only 2 off at 378p, after 370p. Among secondary issues, Tricentral closed 3 down at 246p, after 240p, but Attock finished 6 up at 140p following news that Steel Brothers' 18.9 interest in Attock had been placed with institutions.

Trusts gave ground in sympathy with the general setback in equities, but London Merchant Securities, up another 4 at 93p, continued to attract demand in Financials.

Furness Withy eased 4 further to 289p pending the outcome of today's annual meeting at which the KCA/Eurocanadian proposals will be put to the vote.

In Idle Textiles, Dawson International shed a penny to 110p following the full report, while Micking Pentecost added that amount to 125p on the higher annual profits and dividend. Rivington Reed were again marked lower, still upset by last week's downturn in interim profits, while recent speculative favourites Sirdar relinquished 3 to 102p. Pooled slipped to 39p, also 3 down, awaiting the annual meeting.

Following Tuesday's pleasing interim results, Babs eased in subdued business to finish 5 lower at 270p, after 285p. Fears that the company's profits may fall short of its forecast because of the weakness of the dollar upset Ganthia, 10 down at 57p. Other Plantations traded quietly although the odd bid spot was apparent. Castle continued the recent recovery, adding 5 for a two-day gain of 10 at 510p.

**Gold easier**

South African Golds continued to lose ground in quiet trading,

FINANCIAL TIMES STOCK INDICES

	June 27	June 26	June 25	June 24	June 23	June 22	June 21	June 20	1 year ago
Government Secs.	70.57	70.56	70.56	70.56	70.56	70.56	70.56	70.56	69.01
Fixed Interest	72.25	72.27	72.25	72.25	72.25	72.25	72.25	72.25	71.15
Industrial	466.9	475.2	473.4	476.0	474.9	485.1	485.1	485.1	456.2
Gold Mines	176.0	176.4	176.0	176.4	176.4	176.4	176.4	176.4	169.8
Gold Mines Ex-£pm	158.9	161.5	161.5	161.5	161.5	161.5	161.5	161.5	107.9
Ord. Div. Yield	6.00	5.90	5.93	5.94	5.97	5.97	5.97	5.97	6.03
Earnings Yld. % (Full)	16.37	16.07	16.15	16.16	16.26	16.01	16.01	16.01	17.68
P/E Ratio (Full)	7.78	7.92	7.89	7.86	7.86	7.97	7.97	7.97	7.58
Total bargains	14,847	15,421	14,935	14,420	14,147	14,770	14,770	14,770	66.98
Equity turnover £m	71.15	60.11	58.68	58.68	58.68	58.68	58.68	58.68	66.98
Equity bargains	11,778	11,197	10,938	11,371	10,948	12,306	12,306	12,306	66.98

10 am 474.8 11 am 472.0 Noon 470.3 1 pm 468.1  
2 pm 469.3 3 pm 469.1  
Last index 01-266 8026.  
Nil-7.45.

Basic 100 Govt. Secs. 15/10/72. Fixed Int. 18/2. Industrial Ind. 17/3/73. Gold Mines 12/3/73. SE Activity July-Dec. 1942.

HIGHS AND LOWS S.E. ACTIVITY

	1978	1979	1978	1979	1978	1979
Govt. Secs.	75.91	64.84	127.4	49.18	119.3	116.9
Fixed Int.	72.25	72.27	127.4	49.18	119.3	116.9
Industrial	466.9	475.2	127.4	49.18	119.3	116.9
Gold Mines	176.0	176.4	127.4	49.18	119.3	116.9
Gold Mines Ex-£pm	158.9	161.5	127.4	49.18	119.3	116.9
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P/E Ratio	7.78	7.92	127.4	49.18	119.3	116.9
Total bargains	14,847	15,421	127.4	49.18	119.3	116.9
Equity turnover £m	71.15	60.11	127.4	49.18	119.3	116.9
Equity bargains	11,778	11,197	127.4	49.18	119.3	116.9

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Nil-7.45.

Basic 100 Govt. Secs. 15/10/72. Fixed Int. 18/2. Industrial Ind. 17/3/73. Gold Mines 12/3/73. SE Activity July-Dec. 1942.

NEW HIGHS AND LOWS FOR 1979

	1978	1979	1978	1979	1978	1979
Govt. Secs.	75.91	64.84	127.4	49.18	119.3	116.9
Fixed Int.	72.25	72.27	127.4	49.18	119.3	116.9
Industrial	466.9	475.2	127.4	49.18	119.3	116.9
Gold Mines	176.0	176.4	127.4	49.18	119.3	116.9
Gold Mines Ex-£pm	158.9	161.5	127.4	49.18	119.3	116.9
Ord. Div. Yield	6.00	5.90	127.4	49.18	119.3	116.9
Earnings Yld. %	16.37	16.07	127.4	49.18	119.3	116.9
P/E Ratio	7.78	7.92	127.4	49.18	119.3	116.9
Total bargains	14,847	15,421	127.4	49.18	119.3	116.9
Equity turnover £m	71.15	60.11	127.4	49.18	119.3	116.9
Equity bargains	11,778	11,197	127.4	49.18	119.3	116.9

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RISES AND FALLS YESTERDAY

	Up	Down	Time
British Govt. Secs.	13	4	48
Foreign Bonds	13	4	48
Industrial	13	4	48
Gold Mines	13	4	48
Gold Mines Ex-£pm	13	4	48
Ord. Div. Yield	13	4	48
Earnings Yld. %	13	4	48
P/E Ratio	13	4	48
Total bargains	13	4	48
Equity turnover £m	13	4	48
Equity bargains	13	4	48

LONDON TRADED OPTIONS

	July			Oct.			Jan.		
Option	Ex'cise price	Closing offer	Vol.	Closing offer	Vol.	Closing offer	Vol.	Equity close	
BP	950	818	1	840	1	855	1	1585p	
BP	1100	168	25	150	1	255	1	1585p	
BP	1200	70	25	118	1	180	1	1585p	
BP	1300	28	46	98	4	120	1	1585p	
Com. Union	140	8	12	14	5	130	7	161p	
Com. Union	160	10	1	5	28	6	1	1585p	
Com. Union	180	10	1	1	1	28	58	219p	
Com. Gold	230	11	1	21	1	16	1	1585p	
Com. Gold	260	1	1	312	20	11	1	1585p	
Com. Gold	280	1	2	4	11	11	1	846p	
GEC	240	12	2	4	1	11	1	1585p	
Grand Met.	158	112	1	41	60	4	41	155p	
BP	320	23	1	20	10	9	1	1585p	
Marke & Sp.	330	23	1	24	2	1	1	110p	
Marke & Sp.	350	23	1	2	2	1	1	1585p	
Shell	400	8	7	32	14	36	8	377p	
Total	320	8	3	13	1	20	1	1585p	
<hr/>									
	August			November			February		
Boats	200	8	5	16	9	19	9	191p	
Imperial Gp.	300	8	38	9	1	23 1/2	1	1585p	
Imperial Gp.	300	1 1/2	1	5	1	21 1/2	1	1585p	
Imperial Gp.	110	1	1	23	16	29	1	1585p	
RTZ	300	6	4	23	14	29	1	274p	
RTZ	320	5	3	13	1	20	1	1585p	
Total									



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## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

Five to Fifteen Years

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

Over Fifteen Years

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

Undated

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

INTERNATIONAL BANK

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

CORPORATION LOANS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

LOANS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

Public Board and Ind.

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

Financial

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

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# FT SHARE INFORMATION SERVICE

## FOREIGN BONDS & RAILS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		
92	95	Treasury 30/92	97.1	3.07	13.65		
92	95	Electric 30/92	97.1	3.07	13.65		

## BANKS & HP—Continued

Low	Stock	Price	Yld	Div	Yld
78	Hill Samuel	203.92	-1	5.32	
80	Do. Warrants	225	-1	25	
80	Hong Kong \$2.50	139		0.65	
82	Jacobs Technology	132		3.35	
82	Johnson & Johnson	166	+1	3.65	
80	Kaiser Aluminum	57		1.34	
80	King & Gillette	58	+1	3.78	
80	Kleinfelder & Co.	333	+2	1.75	
82	Marathon Oil	45		3.52	6.0
82	Marton Fin. Corp.	161		3.79	
82	Mercury Securities	188		4.8	
82	MetLife	162		3.75	
82	Do. 7 1/8% 8-83	188	-1	4.8	
82	Do. 10 1/8% 9-84	188		4.8	
82	Milwaukee A.C.	594		0.19	2.1
82	Do. 10 1/8% 8-83	594		2.1	
78	Nat. Corp.	357		12.83	5.7
78	Nat. West. 1/2	357	-1	12.83	5.7
80	Ottawa Bank Ltd	225		0.15	
80	Do. 10 1/8% 8-83	225		0.15	
80	Schaeffler Mfg.	225		0.20	
80	Schaeffler Mfg.	225		0.20	
80	Smith S. Club	100		5.35	
80	Standard Oil Ind.	45	-2	3.7	







## Government revives plan for gas-gathering pipeline

BY KEVIN DONE, ENERGY CORRESPONDENT

THE GOVERNMENT is to revive plans to build a large gas-gathering pipeline in the North Sea. If the project goes ahead it would be one of the most ambitious offshore construction jobs undertaken there by the oil industry.

A detailed feasibility study, which should be completed by the middle of next year, will be undertaken jointly by the British Gas Corporation and Mobil, the U.S. oil company.

Agreement on the scope of the study is likely to be reached soon. The Government is expected to make an announcement to Parliament within a fortnight.

British Gas is negotiating to buy large quantities of extra gas from the Statfjord field, which lies mainly in the Norwegian sector. The proposed

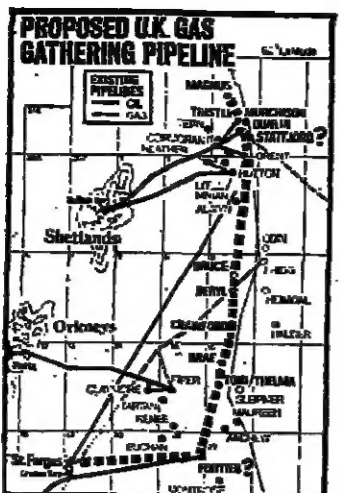
pipeline would be able to bring these supplies to Britain.

The Gas Corporation faces strong competition from other potential buyers on the Continent, in particular France and West Germany, which have offered to help pay for a Norwegian gas-gathering pipeline network to northern Germany.

It is understood that the Department of Energy has decided that it would be feasible to build a big gas trunkline in the UK sector even without the Statfjord supplies.

The location of a pipeline in either sector of the North Sea is of vital importance for development of some small fields which might otherwise be too small to exploit without a shared transport system.

Most important, it would offer a way of gathering the substantial reserves of associated



gas inevitably produced along with crude oil. If there is no pipeline link, this gas must either be re-

injected temporarily into the field, or flared wastefully into the atmosphere.

The last report commissioned by the Government into a possible gas-gathering network was sceptical about the economic viability of such a project.

But the Department of Energy is understood to have decided that the increasing number of field developments in progress and the enhanced prospect of developing several marginal fields because of higher oil prices are enough to justify a major new study.

British Gas and Mobil are expected to look at the possibility of bringing a gas pipeline from some of the most northerly fields in the UK sector, such as Magnus, Murchison, Thistle and Dunlin all the way through the Central North Sea to St. Fergus, north of Aberdeen.

## Russia, Germans in power link

BY DAVID SATTER IN MOSCOW

MR. FYOTR NEPOROZHNY, the Soviet Minister of Power and Electrification, said yesterday that Russia is planning to link its power grid to the West German one with a line through Poland, West Berlin and East Germany.

The possibility of the first tie-up between the electricity grids of Eastern and Western Europe has long been discussed in West Germany. But Mr. Neporozhny's comments were the first Soviet confirmation that they were ready to go ahead with it.

Mr. Neporozhny, speaking at a Press conference connected with the meeting of Comecon Prime Ministers, said the sensitive question of running the 730 Kilovolt line through West Berlin would have to be taken up with the East German authorities. But he said this was a "secondary" question which could be dealt with soon.

He said planning for the link-up would be discussed at the UN economic commission for Europe in Geneva, where it would be determined how much energy will be delivered and to whom.

Mr. Neporozhny said in his review of energy planning for the next 10 years that plans call for a second line to link the East European grid with Scandinavia.

### Nuclear

The Soviets have decided on atomic energy as the basis for electrification in future years. There are already nuclear power plants in the Comecon countries with a capacity of 15-18m Kilowatts. Under an agreement to be signed today, capacity is to be increased to 150m Kilowatts by the construction of new plants, most in the Soviet Union.

New Soviet nuclear plants are to have capacities of 1m Kilowatts. A series of plants to be built co-operatively by the Comecon countries is planned for the Western border of the USSR.

Jonathan Carr writes from Bonn: Renewed world oil problems and Germany's almost total dependence on imported supplies have lent fresh impetus to the quest for long-term deals with the East.

It is felt that a big nuclear sector investment programme by Moscow and its Comecon partners could be a tempting opportunity for the German nuclear industry—whose existence is seriously threatened by anti-nuclear forces at home and disruptions to export business, notably in Iran.

## THE LEX COLUMN When standards are slipping

Sterling was still very firm yesterday and the equity market, unable to draw any comfort from the hawkish noises emerging from the OPEC conference, failed to hold its ground. The FT 30-share Index has now fallen 16.4 per cent since the General Election and stands at its lowest since February 23, the day of the Battle of Walling Street. But the enthusiasm displayed on that occasion was not in evidence yesterday.

### Accounting standards

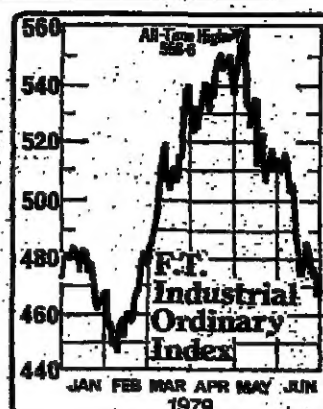
Around 680 pages of submissions to the Accounting Standards Committee serve to highlight the sheer variety of views on the subject of setting accounting standards and enforcing them. By and large the companies producing accounts do not want to be saddled with standards that are inflexible; but some of the big auditing firms see the need for more comparability though they are clearly nervous of their ability to enforce standards and are looking elsewhere—to the Stock Exchange, or even the Government—for a body capable of imposing sanctions. Meanwhile the users of accounts appear to be keeping fairly quiet—there are no submissions from the National Association of Pension Funds at one end of the scale or the Wider Share Ownership Council at the other.

The Stock Exchange is quite definite that it is not going to take in the accountants' dirty linen—if it is to enforce standards then at the very least it will want to have some say in how they are established, and anyway it regards delisting as a very crude weapon. The auditors doubt whether simply requiring accounts can have a great deal of effect, and they are no doubt troubled by the commercial conflicts of interest involved in being awkward to their clients.

All the talk about sanctions may be largely missing the point, however, because the real element missing at present is a supervisory one. There is no public body which is prepared to look at published accounts, assess whether they comply with laid down standards, and openly criticise companies and auditors when they are not up to scratch.

A public dressing down from a body as authoritative as, say, the Takeover Panel is in a different field, would be a strong enough sanction for most situations. But it is a challenge to

Index fell 8.3 to 466.9



gross dividend for the year as a whole by two-thirds, putting the shares up 14p yesterday at 296p on a yield of 6.7 per cent. The cover is still very comfortable—over four times on reported earnings and nearly three times fully-taxed. At the moment though, further heavy fixed asset investment is the first priority. In the present year the group will again spend more than £30m.

The strength of demand for building materials from the home improvement sector should offset any weakness in the new housing market this year, and even on flat volume BPB should make £40m pre-tax helped by loss elimination in Holland and on the UK chair board side. A fully-taxed prospective p/e of under seven does not look at all exciting.

### Powell Duffryn

Powell Duffryn contains some of a cross section of British commerce and industry and its performance also seems to be typical. Whereas at half-tim profits were up slightly, and maintained total was forecast for the year, the going has got tougher. In fact a sharp half reverse PD is down almost a fifth for the year at the pre-tax level at £12.18m. Around £1.2m of the setback is blame on the weather and the road haulage strike—these factors in the building materials and transport interests hard. Elsewhere, there was a shortfall of roughly £2m on budget at Ex works Hydraulics and Hymac the first being hit by a slump in demand and the latter by an eight-week strike coinciding with the peak sales season, a dip which has spilled over in the current year. Meanwhile, however, the main Hamworthy Engineering business has fallen only slightly short of the exceptional 1977-78 level.

Changes are in train. Out of zone the French building a vice business Softec which is £0.35m, above the line in 1977 and £2m below. Out of zone Hymac for around £12m cash and repaid loans less £8 for a 25 per cent stake in German purchaser IBH. I shortly will come a U. engineering business to back Hamworthy. The group is happy about its operations in building materials, chemicals storage and shipping, and is prepared to wait for the hydraulic pump market to recover. But it is far from clear just where profits are going in the short term. 166p the yield is 9.9 per cent

## Splits clear on eve of summit

BY REGINALD DALE IN TOKYO

THE SEVEN leading Western industrial nations are determined to try hard to find a joint response to the world energy crisis at their two-day summit meeting that opens here today.

Whatever the immediate prospects for oil price increases, the leaders of the U.S., the UK, France, Germany, Italy, Canada and Japan are convinced that the energy shortage will not go away, and that the West needs to react if it is to ensure its economic and political survival.

But there are major differences among the summit participants over the way ahead. No government wants to cut oil consumption if it simply means that another country will set following last week's EEC Strasbourg summit, the initiative is with the four Community

countries represented here. They will announce their intention of freeing oil imports at 1978 levels until 1985 and ask for "comparable action" from their three summit partners, the U.S., Canada and Japan.

However, neither the U.S. nor Japan is yet prepared to go so far. The two governments, which have been meeting during President Carter's visit here this week, would prefer to limit the commitment to 1979 and 1980, with further restrictions to be decided in the light of events.

Equally, they would prefer to set 1977 as the reference year for future limits—a year in which both countries recorded a high volume of imports. Japan, however, as the host country, will try to avoid giving

the impression of lining up with the U.S. against Europe.

The Community countries, while officially sticking to their Strasbourg line, are making it clear that they will not insist on exactly the same commitment from the other summit participants. But even the EEC is divided.

Britain and West Germany are against the allocation of national quotas for oil imports, while France and Italy would probably favour them. The British and German view is that the market must be allowed to operate.

Mrs. Thatcher, attending her first summit as Prime Minister, will argue strongly that the industrialised countries must act to curb demand rather than limit supplies artificially. A subsidiary consideration is that the

UK would not qualify for a big national oil quota, both because it is an oil producer and because its economic growth rate is lower than that of most partners.

Mrs. Thatcher's first summit-level meeting with President Carter tonight was said to have been warm and congenial. She appears, however, to have been rebuffed by Mr. Alexei Kosygin, the Soviet Prime Minister, when she raised the issue during her stopover in Moscow on Tuesday night.

Mr. Kosygin gave no assurance that Moscow would put pressure on Vietnam to stem the flood of refugees, although the Soviet Union is widely considered to be the country with the greatest influence in Hanoi.

Tokyo diary, Page 2; Feature and Editorial comment, Page 24

## Marine Midland takeover switch

By Stewart Fleming in New York

IN A BID to salvage its \$300m takeover bid for control of Marine Midland Bank, the Hongkong and Shanghai Banking Corporation has withdrawn its application to the New York State Banking Superintendent for permission to proceed with the deal.

It is planning to raise the terms it is offering for Marine Midland, the 13th largest U.S. bank, from about \$20 to around \$25 a share for 25 per cent of the stock. Terms for the rest of the stock bid for (totaling 51 per cent) are raised to \$34 a share from \$30.

For its part, Marine Midland is to seek a national charter and surrender its charter from New York State, a move which will take it outside the State Superintendent's net so far as approval of the deal is concerned.

Shares of Marine Midland were suspended on the New York Stock Exchange yesterday afternoon pending an announcement of the new moves in one of the most controversial foreign bank takeovers of a major U.S. bank in recent years.

The Hongkong Bank has been seeking 51 per cent control of Marine Midland for over a year and has already had its application for approval of the deal approved by the Federal Reserve Board.

But New York State Banking Superintendent, Miss Muriel Siebert, has strong reservations about the acquisition of control of Marine Midland and its \$12bn-plus of assets by a foreign bank.

## Lloyd's has plans to prevent dominance by single syndicate

BY JOHN MOORE

LOYD'S OF LONDON, the insurance market backed by private wealth, is drawing up plans which could prevent any single underwriting syndicate securing a dominant position in one type of insurance business.

This was disclosed yesterday at a general meeting of the members of Lloyd's, attended by 500 of the total membership of 17,278.

Mr. Ian Findlay, chairman of Lloyd's, told the meeting that "both from the point of view of security and the maintenance of a market place in the true sense of the word, it would be detrimental for any one syndicate to become so large that it dominated the whole of its market."

Mr. Findlay said applications to join Lloyd's would probably be "about a third of last year's number" of 3,323.

To a large extent, the fall in membership has been due to

underwriting agents limiting the number of applications to match their estimate of the business available.

Lloyd's had been concerned that the rapid growth in its membership over the past few years has not been matched by anything like the same rate of growth in insurance business coming into the market.

But Lloyd's officials admitted yesterday that, although the growth of membership has been controlled in the past year to deal with this problem, some of the fall in applications could have been due to internal

have been due to internal troubles which have hit Lloyd's.

In a break with tradition, the chairman of Lloyd's has published his annual statement in full. He told members of the help Lloyd's has given to the stricken underwriting syndicate, formerly headed by Mr.

Frederick Sasse, which is facing £13.6m losses.

The Lloyd's committee, he said, will review the Sasse affair towards the end of the year, when further information should be available.

As a result of the problems experienced by the Sasse syndicate, Lloyd's is exploring ways in which reporting procedures by insurance brokers and underwriters can be improved.

Lloyd's working party is studying the rules of the New York Insurance Exchange, the U.S. equivalent of Lloyd's, to see whether Lloyd's insurance brokers, underwriting agents or individual members can operate on or join the exchange without being in conflict with Lloyd's rules and regulations.

Mr. Findlay said there appeared to be no fundamental difficulties provided certain important requirements concerning financial security at Lloyd's are met.

## German company buys Hymac

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

POWELL DUFFRYN is selling off its Hymac construction equipment subsidiary to the German IBH group at the end of the year.

The British group will take a 25 per cent stake in IBH, in return for a cash injection of £8m.

The deal enables Powell Duffryn to keep an interest in the plant industry, while freeing it from the problems of worldwide

overcapacity and severe competition.

IBH will pay £5m for Hymac, representing its asset value, while Hymac will repay loans of £7m to its parent company. The purchase is IBH's first in the UK.

The announcement was made yesterday when Powell Duffryn released its annual results. Neither company has given any

guarantee on jobs, although Powell Duffryn said most would be retained. Hymac recently suffered a two-months strike at its Rhymney factory in Gwent.

Hymac has 15 sales and service depots in the UK, which will distribute IBH products as well. Hymac's European distribution will be strengthened by access to IBH's dealer network.

Powell results, Page 26; News Analysis, Page 30

## China releases trade and output figures

BY DAVID DODWELL, FOREIGN STAFF

THE CHINESE Government yesterday released an unprecedented array of economic and social statistics answering for the first time in more than 12 years questions about China's trade, industrial output and agricultural production.

The Statistical Bureau of China also offered one of the world's most elusive statistics—the population of China. This was 975,230,000 at the end of 1978, if "the province of Taiwan" is included. Subtracting Taiwan's 17m this leaves a mainland population of just over 958m.

In addition, delegates attending China's "parliament," the Fifth National People's Congress, were given more information about the Government's joint venture plans. While dis-

cussing no upper limit, the Government-controlled New China News Agency reported that foreign companies participating in joint ventures should "in general" invest "not less than 25 per cent of the registered capital."

China's would-be foreign investors are unlikely to be satisfied by the fresh joint venture information. They still need to know what the upper limits will be on any investment, and they need to know more about conventional legal safeguards and specific provisions such as constraints on the repatriation of profits.

The economic figures, however, can be seen as part of a genuine Chinese effort to provide foreign businessmen with the information they will need

when considering plans for investment in China. It confirms China's commitment to expanding trade and economic links with the outside world. Details of China's economic progress have been shielded from the world since before the Cultural Revolution in 1967.

China's visible trade deficit for last year was disclosed at 1,980bn yuan (\$595m). Exports evidently rose by 20 per cent between 1977 and 1978 to 16,760bn yuan (\$50bn), while imports rose by 41.1 per cent to 18,740bn yuan (\$56bn). The visible trade deficit was counterbalanced by a surplus on non-trading income of 2.1bn yuan (\$531m).

The New China News Agency, reporting the statistics bureau findings, said China's total

industrial and agricultural output rose by 12.3 per cent in pace, rising 13.5 per cent to 1979 to 560bn yuan (£17bn). Industrial output set the faster, 423bn yuan (£12.7bn). Agricultural production increased by a more modest 8.9 per cent to 146bn yuan (£43.9bn).

The bureau also disclosed that China had 95m "wage-earners" at the end of last year—a figure which evidently excludes the country's 750m peasants. The country's total wage bill was put at 56,900bn yuan (£17.1bn), though the implication was that this figure took no account of the "work-points" wage system used on many communes. The average annual wage of state employees was 644 yuan—about £193.

New legal code, Page 4

## Weather

### UK TODAY

OUTBREAKS OF rain in most areas. Some bright periods in Scotland, S. and E. England, and Midlands.

London, S.E. & E. Anglia: Bright periods, becoming cloudy later. Max. 20C (68F).

Midlands, E. and Cent. S. England: Bright periods, becoming cloudy. Some rain later. Max. 18C (64F).

Rest of England, Channel Is., Isle of Man: Cloudy with outbreaks of rain or drizzle. Some coastal fog. Max. 18C (64F).

Scotland, N. Ireland: Bright periods, scattered showers. Max. 14C (57F).

Outlook: Sunny intervals and showers. Cloudy in S. England at first.

### WORLDWIDE

Bright periods, scattered showers. Max. 14C (57F).							
Outlook: Sunny intervals and showers. Cloudy in S. England at first.							
WORLDWIDE							
	Y'day	Today	Y'day	Today			
Ajaccio	F	26	75	Uabon	S	24	75
Algiers	F	33	81	Locarno	S	19	68
Amst.	F	33	81	London	F	22	72
Aden	F	33	81	Luxemb.	F	19	66
Bahrain	F	35	85	Luxor	F	36	100
Batavia	F	27	81	Madrid	F	32	90
Bombay	F	27	81	Manila	F	28	82
Buenos Aires	F	27	81	Medan	F	32	90
Cairo	F	27	81	Meikong	F	32	90
Calcutta	F	27	81	Mexico	F	17	63
Canton	F	27	81	Moscow	F	20	70
Cebu	F	27	81	Mumbai	F	20	70
Colon	F	27	81	Nairobi	F	20	70
Dacca	F	27	81	Nagasaki	F	20	70
Dahomey	F	27	81	Nassau	F	17	63
Dar-es-Salaam	F	27	81	New York	F	20	70
Delhi	F	27	81	Nice	F	20	70
Dhaka	F	27	81	Osaka	F	20	70
Dubai	F	27	81	Paris	F	18	64
Durham	F	27	81	Perth	F	18	64
Edinburgh	F	27	81	Port of Spain	F	18	64
Frankfurt	F	27	81	Porto	F	18	64
Glasgow	F	27	81	Rangoon	F	20	70
Hankow	F	27	81	Reykjavik	F	18	64
Hong Kong	F	27	81	Rio de Janeiro	F	20	70
Huamantla	F	27	81	Rome	F	20	70
Istanbul	F	27	81	Salt Lake City	F	20	70
Jaipur	F	27	81	San Francisco	F	20	70
Jakarta	F	27	81	Seoul	F	20	70
Johannesburg	F	27	81	Shanghai	F	20	70
Kuala Lumpur	F	27	81	Singapore	F	20	70
London	F	27	81	Sofia	F	20	70
Lyons	F	27	81	Taipei	F	20	70
Manila	F	27	81	Tel Aviv	F	20	70
Medan	F	27	81	Tokyo	F	20	70
Meikong	F	27	81	Toronto	F	20	70
Mexico	F	27	81	Valencia	F	20	70
Moscow	F	27	81	Vancouver	F	20	70
Mumbai	F	27	81	Warsaw	F	20	70
Nairobi	F	27	81	Zurich	F	20	70
Nagasaki	F	27	81				
Nassau	F	27	81				
New York	F	27	81				
Nice	F	27	81				
Osaka	F	27	81				
Paris	F	27	81				
Perth	F	27	81				
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Porto	F	27	81				
Rangoon	F	27	81				
Reykjavik	F	27	81				
Rio de Janeiro	F	27	81				
Rome	F	27	81				
Salt Lake City	F	27	81				
San Francisco	F	27	81				
Seoul	F	27	81				
Shanghai	F	27	81				
Singapore	F	27	81				
Sofia	F	27	81				
Taipei	F	27	81				
Tel Aviv	F	27	81				
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Toronto	F	27	81				
Valencia	F	27	81				
Vancouver	F	27	81				
Warsaw	F	27	81				
Zurich	F	27	81				

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